

# REPORT OF THE STUDY GROUP ON RESOURCES MOBILIZATION



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**ASIAN INSTITUTE OF EDUCATIONAL PLANNING AND ADMINISTRATION**

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**Indraprastha Estate,  
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**D. O. No. F. 11-3/69-AI**

**July 9, 1970**

**Dear Shri Chakravarti,**

I have much pleasure in submitting the report of the Study Group on Resources Mobilization set up by the Ministry of Education and Youth Services vide your D. O. letter No. F. 21-2/69-IU dated July 14, 1969.

I would like to take this occasion to express to you, on behalf of my colleagues and myself, our sincerest gratitude for the opportunity which you were kind enough to give us to submit our proposals for mobilization of resources for educational development in the Fourth Plan period, and for the support and encouragement which you have generously extended to us in all our work.

We are particularly grateful to Shri J. P. Naik, Adviser, Ministry of Education and Youth Services for very kindly attending all the meetings of the Study Group by special invitation and extending his valuable advice in the deliberations of the Group.

We would also like to place on record our gratitude to the Convener of the Group, Dr. S. N. Mehrotra who has cheerfully borne the main burden of preparing the draft of this report. He was assisted in this work by our Research Officer, Shri C. P. Tewari.

With kind regards,

**Yours sincerely,**

**M. V. Mathur**

**Shri S. Chakravarti,  
Secretary to Government of India,  
Ministry of Education and Youth Services,  
Shastri Bhavan, New Delhi.**

# I. Introduction

## Background

During the Conference of State Education Secretaries held on May 21 and 22, 1969 at New Delhi, the programmes of educational development under the Fourth Plan and their financial allocations were discussed in detail. It was the considered view of the Conference that the proposed outlay of Rs. 543 crores in the State sector for these programmes was far too inadequate to realize some of the important targets and specially to speed up the expansion of primary and middle school education with a view to an early realization of the Constitutional directive of providing free and compulsory education for all children upto the age of 14 years. Conscious of these inadequacies, the Planning Commission have suggested the mobilization of additional local resources and especially the levy of an educational cess. It was also the view of the Conference that people are prepared to pay for education if they are satisfied that such payment would lead to improve educational facilities for their children, especially because the desire for education is now far more intense than ever before. These public attitudes, the Conference felt, could be profitably utilised to raise additional resources for education. In this context, the Conference also discussed some suggestions like the levy of an educational cess on land revenue in rural areas, the levy of a similar cess on urban property, the levy of betterment funds in secondary schools, colleges and universities, enlisting community support for improving the existing facilities in schools as is done by Tamil Nadu and the raising of voluntary public contributions for the development of secondary and higher education. The Conference did not make any specific recommendation. But in view of the large variations in the practices followed in mobilising resources for educational development in the different parts of the country and the equally large variations in the quantum of resources accruing out of such measures or in their proportional contribution to total educational expenditure, it suggested that a special group may go into this problem in detail and submit a report which would broadly enumerate the experience of States in mobilising resources for educational programmes and indicate: (1) the steps to be taken to raise additional resources, and (2) some concrete proposals for the maximum utilisation of existing facilities and investment in education. The Conference of Directors of Public Instruction/Directors of Education of the States and Union Territories held in Bangalore on May 28, 29 and 30, 1969 also supported the recommendation.

### **Appointment of the Study Group**

2. Accordingly, the Ministry of Education and Youth Services set up a Study Group on July 14, 1969 consisting of the following members :

1. Prof. M. V. Mathur, Director, Asian Institute of Educational Planning and Administration, New Delhi.
2. Shri S. Krishnaswamy, Education Secretary, Tamil Nadu.
3. Shri J. S. Mehta, Education Secretary, Rajasthan.
- \*4. Shri P. C. Pande, Education Secretary, Uttar Pradesh.
5. Shri J. C. Sengupta, Education Secretary, West Bengal.
- \*\*6. Shri J. L. Azad, Assistant Chief, Education Division, Planning Commission.
7. Shri A. K. N. Nambiar, Director of Public Instruction, Kerala.
8. Dr. S. N. Mehrotra, Specialist, Asian Institute of Educational Planning and Administration, New Delhi—Convener.

The Group was also empowered to co-opt additional members, if necessary. Prof. D. T. Lakdawala, Director, Sardar Patel Institute of Economic and Social Research, Ahmedabad was co-opted as a member of the Study Group at its first meeting on August 25, 1969.

A copy of the Ministry's letter on the subject (No. F. 21-2/69-IU, dated 14th July, 1969) addressed to all Education Secretaries is given in Annexure I.

### **Terms of Reference**

3. The following were the terms of reference of the Study Group :

- (1) To review the existing measures adopted by the State Governments for raising resources for educational development programmes, such as levy of educational cess, betterment fund, popular contribution, etc.
- (2) To suggest concrete measures for adoption by the State Governments (i) for raising additional financial resources either through legislation or otherwise

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\* Shri P. C. Pande attended the first two meetings of the Study Group. On his relinquishing the post of Education Secretary to U. P. Government, his successor, namely Shri G. P. Pande became a member of the Study Group in his place.

\*\* Now, Joint Director, Education Division, Planning Commission.

for educational development programmes, (ii) for increasing community support to educational development such as the School Improvement Projects of Tamil Nadu, and (iii) for optimum use of existing physical facilities like introduction of shift system, intensive utilisation of existing buildings and other facilities like laboratories, libraries, and

- (3) To make a broad estimate of existing resources available for educational development programmes and the additional resources likely as a result of the various measures suggested by the Group and the need for earmarking such resources for these programmes.

#### **Collection of Data**

4. On behalf of the Study Group, a proforma was issued to all the State Governments and Union Territories on July 17, 1969, enquiring about the position of existing resources available for educational development and the additional resources likely to be raised as a result of the measures taken or suggested by the State Governments. Similarly, a proforma was sent to all the Universities on June 11, 1969 for collecting information about their fee structure. Both these proformae are given at Annexures II and III respectively.

5. The Group held three meetings in all. The first meeting was held on August 25, 1969, the second on October 31 and November 1, 1969 and the third and final meeting on June 25, 1970.

6. At its first meeting, the Group elected Prof. Mathur as its Chairman and co-opted Prof. D. T. Lakdawala of Sardar Patel Institute of Economic and Social Research, Ahmedabad and erstwhile member of the Fifth Finance Commission, as a member. It was also clarified that the terms of reference included raising of additional resources both by governmental as well as private agencies. It was, therefore, decided to invite, for giving evidence, some well-known heads and managers of educational institutions run by voluntary organisations which are renowned for raising substantial voluntary donations for the promotion of education. Shri Dinkar Desai, M. P., Dr. Chandran Devanesan, Principal, Christian College, Madras and Swami Srinathananda of Sri Ramakrishna Vidyashala, Mysore were invited in this connection. However, only Swami Srinathananda gave evidence before the Group at its meeting on October 31, 1969 and presented a paper on Resources Mobilisation for Educational Development based on his experience as a member of the Ramakrishna Mission (Annexure IV).

#### **Case Studies**

7. It was felt that while the replies to the aforesaid two questionnaires (Annexures II and III) would, no doubt, throw useful light on some of the current practices successfully followed in different States to mobilise resources for education, this would not be enough. It was, therefore, proposed to prepare case studies in respect of a few States giving a critical diagnosis in depth of the factors and circumstances that promote or hinder the adoption of different practices for raising funds. The case studies prepared by the Governments of Mysore, Tamil Nadu and Uttar Pradesh are given in Annexures V, VI and VII respectively.

## II. Existing Resources—A Review

8. As a first step in its task, the Study Group reviewed the present position in regard to the resources likely to be available for education in the Fourth Plan period.

### Allocation for Education

9. According to the latest information available from the Planning Commission, a total of Rs. 822.66 crores has been provided for education in the Fourth Plan in addition to an average annual non-Plan expenditure of about Rs. 550 crores. Out of the Fourth Plan outlay of Rs. 822.66 crores, Rs. 551.66 crores (67 per cent) is in the States' and Union Territories' sector, Rs. 32.40 crores (4 per cent) in the Centrally-sponsored sector and Rs. 238.60 crores (29 per cent) in the Central sector. According to existing trends, it is estimated that about Rs. 150 crores are likely to be available from non-Government sources which include fees, contribution by local bodies and endowments.

### Plan Expenditure in States and Union Territories

10. The Fourth Plan outlay for education in each State and Union Territory and its proportion to the total Plan outlay for the State or Union Territory concerned are given in the following Table :



Table I

Fourth Five-Year Plan 1969-74—Outlay for Education in the States and Union Territories  
(Rs. in crores)

Sl. No.	State/Union Territory	Outlay for General Education	Outlay for Technical Education	Total Outlay for Education (3+4)	State's Total Fourth Plan Outlay*	Percentage of (5) to (6)
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	
1.	Andhra Pradesh	35.20	3.00	38.20	420.50	9.0
2.	Assam	23.26	3.01	26.27	261.75	10.0
3.	Bihar	38.38	3.10	41.48	531.28	7.8
4.	Gujarat	26.44	2.56	29.00	455.00	6.4
5.	Haryana	13.03	1.55	14.58	225.00	6.5
6.	Jammu & Kashmir	7.04	0.90	7.94	158.40	5.0
7.	Kerala	17.00	2.25	19.25	258.40	7.4
8.	Madhya Pradesh	18.50	3.00	21.50	383.00	5.6
9.	Maharashtra	55.22	9.50	64.72	898.12	7.2
10.	Mysore	13.00	2.00	15.00	350.00	4.3
11.	Nagaland	4.93	0.45	5.38	40.00	13.5
12.	Orissa	14.65	1.16	15.81	222.60	7.1
13.	Punjab	21.00	0.85	21.85	293.56	7.4
14.	Rajasthan	17.26	0.34	17.60	302.00	5.8
15.	Tamil Nadu	50.40	5.03	55.43	519.36	10.7
16.	Uttar Pradesh	58.95	10.48	69.43	965.00	7.2
17.	West Bengal	32.75	3.70	36.45	322.50	11.3
18.	Andaman & Nicobar Islands	1.05	—	1.05	14.00	7.5
19.	Chandigarh	0.50	0.30	0.80	7.75	10.3
20.	Dadra & Nagar Haveli	0.23	—	0.23	2.30	10.0
21.	Delhi	23.09	2.51	25.60	155.65	16.4
22.	Goa, Daman & Diu	3.10	0.84	3.94	39.50	10.0
23.	Himachal Pradesh	6.61	0.50	7.11	101.40	7.0
24.	L.M. & A. Islands	0.36	—	0.36	1.94	18.6
25.	Manipur	3.89	0.20	4.09	30.25	13.5
26.	NEFA	2.05	—	2.05	17.99	11.4
27.	Pondicherry	2.17	0.20	2.37	12.50	19.0
28.	Tripura	3.21	0.95	4.16	34.66	11.7
TOTAL		493.28	58.38	551.66	7024.41	7.8

Source. Planning Commission : *Fourth Five-Year Plan, 1969-74*, Government of India, 1970, pp. 67 and 379.

\* The outlays for Union Territories are provisional.



11. It is obvious from Table I that the percentage of the Fourth Plan outlay for education varies considerably from State to State, the lowest being in Mysore (4.3 percent) and the highest in Nagaland (13.5 percent).

12. The position regarding percentages of Plan expenditure on education to the total Plan expenditure in the States and Union Territories from the Second Plan onwards is indicated in the following Table :

Table II

Percentage of Plan expenditure on Education to total Plan expenditure in the States and Union Territories from Second Plan onwards

S. No.	State/Union Territory	2nd Plan	3rd Plan	1966-67	1967-68	1968-69	4th Plan
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	6.5	6.0	2.3	3.4	4.4	9.0
2.	Assam	13.3	11.3	8.0	8.5	9.2	10.0
3.	Bihar	10.7	7.7	3.4	3.8	3.9	7.8
4.	Gujarat	7.3	8.7	3.5	3.7	5.9	6.4
5.	Haryana	Included in Punjab		4.4	6.2	11.1	6.5
6.	Jammu & Kashmir	8.8	9.1	8.4	9.0	8.7	5.0
7.	Kerala	14.2	11.9	8.7	8.8	9.4	7.4
8.	Madhya Pradesh	10.0	9.5	3.5	4.9	7.3	5.6
9.	Maharashtra	7.1	10.7	4.0	6.7	7.7	7.2
10.	Mysore	8.5	6.2	2.6	3.1	4.1	4.3
11.	Nagaland	12.4	12.0	9.8	11.3	14.5	13.5
12.	Orissa	7.5	7.9	3.2	5.7	7.0	7.1
13.	Punjab	6.7	9.6	5.8	6.6	13.1	7.4
14.	Rajasthan	12.0	9.5	3.9	7.9	7.6	5.8
15.	Tamil Nadu	7.4	11.2	8.8	9.4	10.3	10.7
16.	Uttar Pradesh	7.7	9.4	2.6	3.8	4.8	7.2
17.	West Bengal	19.1	17.5	10.4	11.5	12.7	11.3
18.	Andaman & Nicobar Islands	3.6	9.4	13.8	21.4	10.0	7.5
19.	Chandigarh	—	10.9	4.8	5.6	13.7	10.3
20.	Dadra & Nagar Haveli	—	32.0	—	7.4	20.8	10.0
21.	Delhi	35.2	18.9	7.5	12.5	15.6	16.4
22.	Goa, Daman & Diu	—	18.3	14.0	13.6	12.6	10.4
23.	Himachal Pradesh	4.5	8.3	3.4	4.5	5.6	7.0
24.	L. M. & A. Islands	10.4	8.6	11.4	27.0	21.7	18.6
25.	Manipur	13.3	18.7	5.7	6.1	6.0	13.5
26.	N.E.F.A.	28.6	19.2	14.7	15.8	17.8	11.4
27.	Pondicherry	12.0	11.6	18.3	19.0	20.5	19.0
28.	Tripura	8.7	26.5	13.7	15.5	11.8	11.7
TOTAL		9.5	10.5	4.8	6.3	7.6	7.8

Source. Planning Commission: *Selected Educational and Related Statistics at a Glance*, Vol. 1, No. 2-69. E.D., 1969, p. 91.

13. An analysis of Table II reveals two significant facts :

- (i) The percentage of outlay for education in the Fourth Plan is lower than that in the Second or Third Plan ;
- (ii) The percentage of outlay for education under the Fourth Plan shows a decline over the Second and Third Plans in most of the States, particularly so, in Jammu & Kashmir, Kerala, Mysore, Rajasthan and West Bengal.

#### Plan Expenditure at the Centre

14. The Government of India also incurs a fairly large expenditure on education. In the Fourth Five-Year Plan, for instance, it has a Plan allocation of Rs. 271 crores for its development programmes. The following table shows the comparative position from the Second Plan onwards :

Table III. Central Plan Expenditure on Education

	Plan Allocation (Rs. in crores)	Percentage of Total Central Plan
Second Plan	69.9	2.7
Third Plan	151.7	3.6
1966-67	39.4	3.5
1967-68	36.6	3.5
1968-69	43.0	3.1
Fourth Plan (1969-74)	271.0	3.1

Source : Planning Commission : *Selected Educational and Related Statistics at a Glance*, Vol. I. No. 2—1969, ED., p. 87.

It is obvious from the above Table that the percentage of Central expenditure on education over each Plan has been fairly steady.

15. The Central Working Group on the Fourth Five Year Plan estimated that, even on the basis of the very limited targets proposed, a total investment of about Rs. 1300 crores in education was necessary—Rs. 400 crores at the Centre and Rs. 900 crores in the States. It also felt that non-governmental sources should contribute a sum of Rs. 200 crores for educational development. As against these estimates of targets which could, by no means, be called ambitious, the actual financial allocation now made is Rs. 271 crores at the Centre, Rs. 551.66 crores in the States and Union Territories and Rs. 150 crores from the non-governmental sources. It is obvious that these allocations are extremely inadequate and unless special efforts are made, the educational situation is likely to worsen rather than improve. Hence the urgency for devising ways and means to provide additional resources for educational development.

### III. Educational Expenditure by Sources—An Analysis

#### Educational Expenditure by Sources

16. For exploring the possibilities of raising additional resources for education, the Study Group thought it necessary to examine the educational expenditure by sources and study the trends during the first three Plans.

17. The Group noted that due to various historical reasons, a multi-source finance system has grown in the country and education is now financed by the Central Government, State Governments and local authorities, and through fees and 'other' sources which include endowments, donations and other voluntary contributions from the public. This has helped to raise more resources in the aggregate than would otherwise have been possible and has also shown a certain resilience in times of difficulties by setting off, to some extent, the short-falls in one source by increase in others. Table IV shows how the contribution of each source has varied during the first three plans.

Table IV  
Educational Expenditure in India by Sources (1950-51 to 1965-66)

Sources	1950-51	1955-56	1960-61	1965-66 (estimated)
1. Government funds				
(i) Total expenditure (Rs. in 000's)	652,678	1,172,049	2,340,914	4,271,856
(ii) Index of growth	100	179	359	655
(iii) Percentage of total expenditure on education	57.1	61.8	68.0	71.2
2. Local Authorities' Funds				
(i) Total expenditure (Rs. in 000's)	124,987	163,548	224,914	378,031
(ii) Index of growth	100	131	180	302
(iii) Percentage of total expenditure on education	10.9	8.6	6.5	6.3

**Table IV : Educational Expenditure in India by Sources (Contd.)**

Sources	1950-51	1955-56	1960-61	1965-66 (estimated)
<b>3. Fees</b>				
(i) Total expenditure (Rs. in 000's)	233,272	379,033	590,258	918,077
(ii) Index of growth	100	162	253	394
(iii) Percentage of total expenditure on education	20.4	20.0	17.1	15.3
<b>4. Other Sources</b>				
(i) Total expenditure (Rs. in 000's)	132,884	181,980	287,715	432,036
(ii) Index of growth	100	137	217	325
(iii) Percentage of total expenditure on education	11.6	9.6	8.4	7.2
<b>5. Average Annual Rate of Growth</b>				
	First Plan	Second Plan	Third Plan	All Three Plans
(i) Government funds	12.4	14.8	12.8	13.3
(ii) Local authorities' funds	5.5	6.6	10.9	7.3
(iii) Fees	10.3	9.2	9.2	9.6
(iv) Other sources	6.5	9.6	8.5	8.1

Source. Education Commission Report, p. 471

18. It will be seen from Table IV that the largest increase has taken place in the expenditure from government funds—this is only to be expected—as they now contribute 71.2 per cent of the total expenditure as against 57.1 per cent in 1950-51. The contribution of all other sources has proportionately declined, although it has increased in absolute terms. It is clear from the trends reflected in Table IV above that the responsibility for the financing of education at all stages will fall increasingly on government funds (Central and State). This trend will increase in future. The total revenue from fees will be considerably reduced as education upto the lower secondary stage is progressively made tuition-free and a much larger provision of free studentships is made in higher secondary and university education to meet the needs of young persons from the under-privileged sections of society who are now coming into the universities and colleges. Similarly, the income from other sources would not rise in proportion to the increase in total educational expenditure. The local authorities also may not be able to provide more than a very small percentage of the total expenditure, even after they have made the best effort to raise their contribution. Taking an overall view of the situation, the Education Commission came to the conclusion that the funds of the

Central and State Governments would have to bear about 90 per cent (or even more) of the total educational expenditure.

#### Centre-State Relationship

19. In this context the Study Group recalled the recommendation of the Kher Committee that the Central and State Governments should respectively spend at least 10 per cent and 20 per cent of their total expenditure on education. On review, it found that all the States taken together are now spending a little over 20 per cent and some of them substantially more than that as would be evident from Table V given below :

Table V  
Percentage of Expenditure on Education\* to Total Budget Expenditure  
(Revenue Account) by States in 1968-69

(Rs. in lakhs)			
S. No.	State	Expenditure on Education	Percentage of Expenditure on Education
		Rs.	Rs.
1.	Andhra Pradesh	3817	20467
2.	Assam	1730	9168
3.	Bihar	2724	15534
4.	Gujarat	3107	15153
5.	Haryana	1377	6635
6.	Jammu & Kashmir	849	5456
7.	Kerala	4766	14469
8.	Madhya Pradesh	5117	17995
9.	Maharashtra	6563	32317
10.	Mysore	3926	18276
11.	Nagaland	221	1903
12.	Orissa	2195	12219
13.	Punjab	2510	11296
14.	Rajasthan	3089	14187
15.	Tamil Nadu	6335	24754
16.	Uttar Pradesh	6227	35417
17.	West Bengal	4565	21548
Total		59276	276864
			21.4

Source : Planning Commission : *Selected Educational and Related Statistics at a Glance*, (Vol. No. 2-69ED), 1969, p. 20.

\* Includes provision for education under other Departments, namely, Departments of Social Welfare, Community Development, Health, Agriculture, Railways, Labour and Employment, etc.

20. It is significant to observe that while the States' expenditure on education has crossed the 20 per cent target, the percentage of Centre's expenditure on education (Rs. 109.31 crores) to the total budget (Rs. 2622.13 crores) in 1968-69, was only 4.2 \* against the Kher Committee's recommendation of 10 percent.

21. In this connection, the Study Group recognized the Constitutional position that education is primarily a State subject and the Centre has responsibility only in respect of higher and technical education as indicated in entries 62 to 66 of the Seventh Schedule of the Constitution of India. It also took note of the fact that the Centre-State relationship has undergone a radical change since the Kher Committee's report. Further, the National Development Council does not view with favour the inclusion of centrally sponsored schemes. The States, while keen on having a large State sector under the Plan, prefer to have it on an unconditional basis.

22. Keeping in view the overall situation, the Study Group felt that the major responsibility for financing education must necessarily lie squarely on the States. At the same time, the Centre must also assume increasing financial responsibility in the spheres of technical and higher education and research. It must also play a stimulating, innovative, consultative and promotional role in educational development of the country. Accordingly, the Study Group recommended that both the States and the Centre should progressively increase their investment in education. It suggested that the States should invest at least 25 per cent of their budget on education by the end of the Fourth Plan period and strive to reach the mark of 30 per cent within a period of ten years. In regard to the Centre, the Study Group suggested that it should allocate at least 8 per cent of its budget to education.



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\* Planning Commission, *Selected Educational and Related Statistics at a Glance*, Vol. I, No. 2-69, E.D., June, 1969, p. 19.

## **IV. Proposals for Raising Additional Resources**

23. Recognising the constraints due to the paucity of resources and the reality of the situation that in the competition of Plan priorities, education still occupies a comparatively low place, coming as it does after agriculture, irrigation, power, industry, transport and communication, the Study Group turned to the concrete question of examining the proposals for raising additional resources by levying specific surcharge for education on income-tax and excise duty.

### **Surcharge for Education**

24. Now, so far as the income-tax is concerned, two types of surcharges could be levied : (a) general, and (b) for Union purposes. As regards (a), a surcharge of this type, the Group felt, was not of much use as 75 per cent of net proceeds accruing therefrom would be distributed among the States and become a part of their general funds. As regards (b), it is doubtful if surcharge for education would have much justification, considering the fact that education is mainly a State subject.

25. Regarding surcharge on excise duty for educational development, the Group was of the view that although there was nothing to prevent the Central or State Government from levying such a surcharge, it felt that the proceeds from it, too, will become part of the general funds and it may not be possible to earmark them for education.

### **Educational Cess**

26. Realising that Central legislation for raising additional resources for education by way of surcharges may not be feasible, the Study Group turned to examine the position in regard to educational cess which is already in vogue in some form or the other in several States of India.

27. The relevant information in regard to educational cess in different States, namely, the nature and rate of the cess, method of collection and distribution, and the question of enhancing the rate, is summarised below :

*Andhra Pradesh* : Educational cess is levied in the Andhra area of the State at a uniform rate of 19 paise in a rupee on the land revenue. The Revenue Department collects the cess. The entire amount of educational cess is credited to the Government as a surcharge on land revenue. The entire expenditure on payment of salaries to the teachers working in Panchayat Samitis is borne by the State Government. The District Educational Officers in the State release grants to meet the expenditure such as the upkeep and maintenance of elementary

school buildings and for other items of educational expenditure, including contingent expenditure, to the extent of 20 per cent of the educational cess collected after obtaining the relevant information from the revenue department authorities.

In urban areas the municipalities collect education tax, the rates of which differ from municipality to municipality.

The question of enhancing the present rate of educational cess is under consideration of the State Government. The proposed increase in the present rate of educational cess is at a flat rate of 15 paise in a rupee (i. e. from 19 to 34 paise).

**Bihar :** Educational cess is levied by the Government at a uniform rate of 6 paise per rupee in rural and urban areas. It is collected by the Revenue Department with the assistance of the Gram Panchayats in the rural areas and the Corporation/municipalities/notified area committees in the urban areas. The income from the educational cess is utilised for the promotion of elementary education. It may be feasible to enhance the rate from 6 paise per rupee to 25 paise per rupee.

**Gujarat :** Educational cess is levied in the State of Gujarat in accordance with the provisions of the Gujarat Education Cess Act, 1962. The rate of surcharge on agricultural land is 2 per cent of agricultural assessment; the rate of surcharge on non-agricultural land varies from 12.5 per cent to 75 per cent on non-agricultural assessment. The rate of tax on lands and buildings in urban areas varies from 2.5 per cent to 4.5 per cent of annual letting value according to the enhanced rates of education cess which came into effect from 1.10.1969 (vide Gujarat Act No. XXIX of 1965). The entire Education Cess Fund is utilized on schemes for promotion of education in the State. However, one-third of the tax collected on lands and buildings within the municipal areas is given to the municipalities as grant for development of education in the areas under their jurisdiction.

**Kerala :** For meeting a part of the educational expenses of the Government, the Kerala Surcharge on Property Tax and Buildings Tax Act, 1969 provides for a surcharge for education at a uniform rate of 2½ per cent of the annual rental value of the property or building as the case may be. The local bodies levy and collect the cess as a surcharge on the property tax levied by the Municipalities and Corporations and on the building tax levied by the Panchayats. The entire proceeds are made over by the local authority to the Government after deducting 3 per cent of the amount collected towards collection charges.

**Maharashtra :** Education cess is levied since 1962. The rate of education cess in the rural areas varies from Rs. 10 to Rs. 100 per acre depending upon the type of commercial crop, e. g. on irrigated agricultural lands on which cotton and groundnut are grown, it is Rs. 10 per acre while on land on which grapes are raised, it is Rs. 100 per acre.

The rate of education cess in the urban areas is 2 per cent of the annual letting value, if the annual letting value of lands and buildings in the Municipal areas is less than Rs. 300; in any other case it is at the rate of 2½ of the annual letting value of such lands and buildings. The lands and buildings the annual letting value of which is less than Rs. 75, are exempted from the payment of cess.



The cess is charged on a uniform basis throughout the State. The Municipalities in the urban areas and the Collectors in the Districts, are responsible for collecting the cess. No matching contribution is given to the local bodies but a rebate is paid to the Municipalities on account of the collection of cess on lands and buildings.

*Mysore* : Education cess was being collected at different rates in different areas of the State of Mysore. However, from 1st April, 1969 educational cess is being levied in all the areas of the State at a uniform rate of 5 paise per rupee on land revenue, alcoholic liquors for human consumption, opium, Indian hemp and other narcotic drugs, taxes on buildings and lands, taxes on vehicles and animals and taxes on profession, trade, callings and employment. The cess is collected by the concerned tax collecting departments. The proceeds are used for the promotion of primary education. In their case study (Annexure V), the Mysore Government has indicated that the climate for enhancing the cess does not appear to be favourable at present.

It may be added that in the State of Mysore, Library Cess is also collected under the provisions of the Mysore Public Libraries Act at 3 paise per rupee in the form of a surcharge on taxes on lands and buildings, taxes on entry of goods into the local area, taxes on vehicles and taxes on professions, trades, callings and employment in the jurisdiction of the City Library authority.

*Rajasthan* : The Panchayat Samitis and Zila Parishad Act of 1959 provides for levy of educational cess and its utilization for improvement and expansion of primary education. But the Panchayat Samitis, except in a very few cases, have not levied education cess due to its being not a popular measure and there being no motivation for getting matching grant from the State Government. Besides, one of the other important reasons for not levying education cess is said to be the continuous famine conditions in the State during the last decade.

*Tamil Nadu* : Under the provisions of the Madras Panchayat Act, 1958, a local cess on land revenue at the rate of 45 paise per rupee is levied in the rural areas out of which 4/9th is credited to the Panchayat Union (Education) Fund. In the case of urban areas, a cess subject to maximum of 5% of the tax on real property and profession tax is levied under the Madras Elementary Education Act and credited to the Elementary Education Fund of the Municipality/Corporation. In the case of rural areas the levy of cess is uniform. In the case of urban areas, the levy varies upto a maximum of 5 per cent of the tax on real property.

A grant at the rate of 50 per cent of the actual collection of education tax is paid to Municipalities/Corporation. In respect of Panchayat Union Councils, the State Government pays every year to the Panchayat Union Councils a Local Cess surcharge matching grant, which is calculated at such percentage as may be prescribed, of the proceeds of the local cess surcharge levied in the Panchayat Development Block in excess of the minimum rate fixed i. e. 45 paise on every rupee of land revenue payable to the Government.

The cess is collected by the Revenue Department and credited to the respective local bodies and is earmarked for the expansion and development of elementary education within the jurisdiction of the respective local body.

*West Bengal* : The education cess is levied in the rural areas under the provisions of the Bengal (Rural) Primary Education Act, 1930 at the rate of three and a half pice on each rupee of annual net profits from mines and quarries and at the rate of five pice on each rupee of annual value of land and of annual net profits from tramways, railways and other immovable property. In the urban areas, educational cess is levied under the provisions of the West Bengal Urban Primary Education Act, 1963 at a rate not exceeding 2 per cent of the annual value of holdings within the municipality. The educational cess is levied at uniform rates in the rural area. In the urban areas, it may be levied at different rates under the provision of the Act of 1963. But, in the municipalities where the Act has been extended so far, the cess is being levied at a uniform rate of 2 per cent of the annual value of holdings. The cess is collected in the rural area by the same persons who collect the road and public works taxes and in the urban area by the persons who collect the municipal taxes. The proceeds of the educational cess in both the cases are spent for primary education in their respective areas.

28. Besides the nine States enumerated above where the provision of educational cess already exists in some form or the other, the States of Orissa and Uttar Pradesh have reported that the question of levying educational cess is under their consideration. The case study from Uttar Pradesh (Annexure VI) discusses a number of alternatives and comes to the conclusion that surcharge on land revenue on a sliding scale, after exempting holdings upto one acre, would be most equitable. It also favours levying educational cess on buildings and land in the urban areas.

29. In this context the Study Group noted that the Fifth Finance Commission has also supported this proposal of levying education cess on land revenue and tax on property. The recommendation of the Finance Commission in this regard is reproduced below :

“In order to make certain levies more acceptable to the people paying them, the proceeds are sometimes earmarked for purposes of special interest to those on whom the incidence of such levies falls. Education is one of such purposes which can evoke a favourable response. In recent years, the policy of free and compulsory education is being extended to cover children beyond the primary stage and tuition fees are being exempted on a large scale. In one State, education even at the University level is free. The Constitutional directive requires provision of free and compulsory education for children upto the age of fourteen years. Expenditure on education is bound to increase particularly if the recommendations of the Education Commission regarding minimum salaries of school teachers are implemented. Education for children upto fourteen is an objective in which every citizen would be interested, and the improvement of the pay of teachers would also find general support. Some States already levied educational cess on land revenue and tax on property. We suggest that other States may also consider the possibility of taking similar action.”\*

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\* *Report of the Finance Commission, Government of India Press, New Delhi, 1969, p. 92. (Manager of Publications, Publication Branch, Govt. of India, Old Secretariate, Delhi-6.*

30. Taking into account the overall situation in regard to educational cess and the fact that there has been a substantial increase in agricultural income in rural areas in the wake of 'green revolution' and a steep rise in the value of urban property, the Study Group came to the conclusion that there is ample justification for introducing educational cess where it is not being levied and for raising its upper limit where it is already in vogue. The Group accordingly recommended that educational cess may be levied both in rural and urban areas, for the specific purpose of expeditiously fulfilling the Constitutional directive of providing free and compulsory education to children upto the age of 14, in the manner suggested below :

- (a) In rural areas, educational cess may be levied by the Local Bodies in the form of surcharge at a minimum rate of 20 paise per rupee on land revenue and utilised by them within their own jurisdiction. They may also be authorised to raise voluntarily, the surcharge rate beyond the prescribed minimum upto the maximum of 50 paise per rupee. In order to stimulate the use of this authority, a grant-in-aid proportionate to the additional revenues thus raised should be guaranteed by the State on the principle of equalization from area to area, i. e. proportionately larger grants to the poor and backward areas.
- (b) In urban areas, educational cess may be levied by the local body on rented property at some minimum obligatory rate with provision of matching grant for additional cess raised voluntarily by the local body beyond the obligatory minimum but within the prescribed maximum. The minimum and maximum rates should be laid down by the State Governments in the light of local circumstances. The matching grant may be on the principle of equalization from area to area.
- (c) In those areas where education is not administered by local bodies, education cess may be levied in the manner suggested in (a) and (b) above and the proceeds utilized for construction and repairs of elementary school buildings.

31. It is rather difficult to assess accurately the amount of additional resources which would become available for educational development if the recommendations made in para 30 above are fully implemented. This is all the more difficult because information regarding the quantum of educational cess at the current rates prevalent in different States is not readily available. However, rough estimates indicate that the total educational cess all over the country at present may not exceed Rs. 5 crores per annum. But considering that the total proceeds of land revenue in States for 1968-69 were Rs. 109 crores,\* it can be estimated that the surcharge on land revenue at the rate of 20 paise per rupee would be about Rs 22 crores per annum. It is not possible to hazard any estimate about the educational cess in the urban areas as information regarding property and building taxes by local bodies is not readily available. On the whole, it could perhaps be indicated very roughly that the total additional resources by levying educational cess at the enhanced rate of 20 paise per rupee may be of the order of about Rs. 25 crores per annum.

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\* Ministry of Education and Youth Services : *Selected Information on School Education in India, Studies on Educational Statistics* - No. 7, 1969, E.D., pp. 37-39.

### **Tuition Fee**

32. As indicated earlier in para 18, fees, particularly tuition fees, are a dwindling source of educational income. The Group studied the position of tuition fees at different levels of education in different States\* and Universities. It noted that primary education is free in all the States upto Class V except in case of boys in certain areas of West Bengal. It further noted that education is free for boys upto Class VIII in the States of Haryana, Kerala, Madhya Pradesh, Punjab and Uttar Pradesh (upto Class VI only); upto class X in the States of Andhra Pradesh, Mysore, Nagaland and Rajasthan; and upto Class XI in Tamil Nadu. In the case of girls, education is free upto class VIII in the States of Bihar, Haryana, Kerala, Punjab and West Bengal; upto class X in the States of Mysore, Nagaland and Uttar Pradesh; upto class XI in Madhya Pradesh, Orissa and Tamil Nadu; upto class XII in Andhra Pradesh and upto University stage in Rajasthan. In the State of Jammu & Kashmir, education is free for boys and girls at all stages of education. The Study Group found that the States and Universities are generally not inclined to revise the tuition fees though in many a case they have remained unchanged for decades.

33. The Study Group, however, noted that the State of Rajasthan has recently decided to charge tuition fees at higher rates from those students whose parents' annual income is Rs. 10,000 and above. Similar provision exists in Delhi. The additional income from such a measure, it is obvious, can only be marginal.

34. The Group also noted that in a few States like Andhra Pradesh, Bihar, Gujarat, Maharashtra, Mysore and West Bengal, aided schools and colleges are permitted to charge more than the standard tuition fee within reasonable limits (mostly upto one and a-half times and in some cases upto double the standard rates). This helps in raising some additional funds for education and also promotes healthy competition amongst institutions. The Study Group recommended that this practice should be encouraged and could be adopted by other States also, subject to the condition that it may not be allowed where a school/college happens to be the only one in the locality. However, in order to ensure that this practice does not entail any burden on the poorer sections of the society, the Group recommended that the present percentage of freeships in an institution may be raised from 17½ per cent to 33½ per cent. It further recommended that the income accruing from enhanced tuition fees should form part of the School Fund (see para 41) and the grant-in-aid of the institution should, in no case, be adversely affected on this account.

35. Reviewing the overall position regarding tuition fees, the Group came to the conclusion that in view of the democratic trend to make education progressively free upto secondary stage and reluctance to revise the tuition fees for higher education, there is little scope for raising additional resources for education from tuition fees.

### **Specific Fees**

36. Besides the tuition fee, specific fees for specific purposes such as library fee, laboratory fee, games fee, magazine fee, etc. are also prescribed by the Department. The

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\* Ibid, p. 16.

income from these fees is kept separately and is utilized by the Head of the institution for the specific purpose for which it is charged.

#### **Development or Betterment and Building Funds**

37. The Group also noted that in certain States like Haryana, Mysore, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, Development Fund/Betterment Fee and Building Funds are also being charged, as indicated below :

*Haryana :* The building fund is charged at the rate of Re. 1 in classes I—V, Rs. 2 in classes V—VIII and Rs. 4 in classes IX—XI. In College classes, it is Rs. 5 per annum. 80 per cent of the fund collected is utilised for the specific purpose of improving and extending the building of the institution concerned.

*Mysore :* An amount of Rs. 10 per annum is charged from each student in standards VIII—XI towards betterment fee. The schools are required to deposit the amount of betterment fee into Government Treasury. The Pay Commission constituted by the Mysore Government in 1966 has recommended increasing the betterment fee from Rs. 10 to Rs. 20 per annum from the children whose parents pay income-tax.

*Rajasthan :* Betterment fee is being charged in Rajasthan for the last three years at the rate of Re. 1 per annum for classes VI—VIII and Rs. 3 per annum for classes IX—XI.

*Tamil Nadu :* Amenity fees at the rate of Rs. 5 per pupil per annum within the ceiling prescribed for special fees may be levied in standards VI—XI in High Schools. The Heads of aided High Schools are permitted to hand over the entire collection under this head to the Correspondents. In the case of Government and local body institutions, personal deposit accounts are maintained. The collections are generally intended for repairs and maintenance of buildings, furniture, rent, play grounds, taxes, contingencies, etc. The accounts are audited.

*Uttar Pradesh :* Development fee is charged at the rate of Rs. 3 per annum in classes VI—VIII, Rs. 6 in classes IX—X and Rs. 9 in classes XI—XII. Fifty per cent of the development fee in schools is earmarked for meeting the cost of Dearness Allowance to teachers and other school employees. Degree Colleges charge Rs. 15 per annum as Development Fund which is utilised by them on non-recurring developmental items.

*West Bengal :* The development fees are charged in many educational institutions of the State. Generally, the rate of development fees varies from Re. 1 to Rs. 10 per month. Development fees are not credited to the Treasury but are generally included in Manager's Return. In some cases, it is kept separately for development of the institution. The income from development fee is spent on construction work.

### **Optional Development Fees**

38. Recognising that there is a growing awareness among the parents of the value of good education and their willingness to pay for it, the Study Group recommended that the option to charge development/betterment fee for specific purposes within the ceiling laid down by the Education Department, may be left to the institutions beyond the compulsory stage i. e. at the secondary and college stages. The income from such fees should form part of the School Fund (See para 41).

39. The Group estimated that on the basis of the present enrolment at the secondary and college levels, if a Development Fee of Rs. 10 per annum is charged from each student studying in classes IX—XI and Rs. 15 per annum from those studying in colleges, an additional amount of about Rs 10 crores can be raised annually.

### **Voluntary Donations**

40. Besides the regular tuition fee, specific fees for specific purposes and development/betterment fee prescribed by Government, voluntary donations and contributions also play a significant role in the financing of non-government, privately-managed educational institutions. The Study Group greatly appreciated the value of such voluntary donations and recommended that the practice of raising and accepting voluntary donations and contributions for the development of education, which is so far confined to private educational institutions, should be extended to Government institutions also.

41. The Group recommended that Government may permit the creation of a School Fund\* for each educational institution, government as well as non-government. The institution may adopt one or more ways of augmenting its resources, namely, by charging higher tuition fees within the prescribed ceiling (para 34), by charging optional development fees (para 38) and by voluntary donations (para 40). The essential features of the School Fund, the Group suggested, should be as follows :

- (i) The contributions to the School Fund shall in no way be linked with admissions and examinations.
- (ii) The proceeds will be utilised for the improvement of educational facilities in the institution concerned and not for the payment of teachers' salaries and allowances.
- (iii) The Fund will be managed by a Committee consisting of the parents, teachers and students with the Head of the institution as its Chairman. The specific purpose in terms of the institutional plan for which the funds may be collected and utilised will be indicated by this Committee.

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\* The term 'School' has been used in a generic sense and includes colleges and other educational institutions.

- (iv) The amount collected will be kept separately by the institution. It will not be creditable to the Treasury nor will it adversely affect the grant-in-aid of the institution.
- (v) The School Fund will be subject to regular departmental audit and the accounts would be published along with the names of the donors.
- (vi) In order to stimulate contributions to this Fund, the State Governments may provide some matching grants based on the principle of equalisation from area to area.

### **Voluntary Organisations**

42. Recognising the fact that about one-third educational institutions in the country are privately managed, the Study Group appreciated the excellent work done by voluntary organisations such as the Ramakrishna Mission, Arya Samaj, Christian Missions, etc. in the spread of education. These and other voluntary organisations, the Study Group felt, can play a significant role in mobilizing public opinion for education. The Group accordingly recommended that the good offices of voluntary organisations engaged in the task of education should be fully utilized for mobilizing public opinion for raising voluntary donations for development of education.

43. The Study Group noted that the rules framed by State Education Departments for recognition of educational institutions set up by private organisations are not always conducive to the raising of resources for education. In some States, the creation of reserve fund or the construction of adequate buildings is not insisted upon. Even the universities have not always prescribed unambiguous rules regarding the financial resources of colleges seeking affiliation. For example, a number of universities have laid down that colleges seeking affiliation should have 'adequate' financial resources. These vague definitions are liable to different interpretations. The Study Group feels that the resources from the voluntary organisations in the field of education can be optimised if the rules of recognition by the State Departments of Education and affiliation by the Universities are clearly defined and rigorously implemented. In this connection, the Group recalled that the Vice-Chancellors' Conference held in 1961 had made the following specific recommendations in regard to the financial resources of the voluntary organisations seeking affiliation of colleges.

- (a) An endowment of Rs. 5 lakhs for post-graduate colleges ;
- (b) A sum of Rs. 5 lakhs for the construction of buildings, libraries and laboratories, equipment, etc.; and
- (c) An area of 40-50 acres for men's colleges and 12-20 acres for women's college for playground, hostel, staff quarters, etc.

The Study Group commend these suggestions for the consideration of the Universities and urges upon the State Departments of Education to frame and enforce rules of recognition on similar lines.

## **Community Support for Education**

44. The role played by the local community in establishing new institutions, particularly at the Middle, Secondary and Degree levels, is well recognised in India. It has made handsome contributions towards the fulfilment of statutory and regulatory conditions of recognition/affiliation by way of endowment and reserve fund, buildings and furniture, equipment and apparatus, etc. But once these institutions are brought on the grant-in-aid list, they begin to depend almost entirely on Government grants. The Study Group, however, emphasized that the local community which plays such a magnificent role in establishing new institutions should also continue to extend its helping hand in the improvement of these institutions.

## **Tamil Nadu School Improvement Conferences**

45. An outstanding example of how voluntary community support can be successfully harnessed for the school improvement programme is furnished by the State of Tamil Nadu. The scheme of School Improvement Conferences which was first initiated in Madras in 1958, has by now become a regular feature of the educational programme in the State of Tamil Nadu. It is significant to note that so far 426 School Improvement Conferences have been held in Tamil Nadu and a sum of about Rs. 10 crores has been collected by way of voluntary donations in cash and kind.

46. Under the scheme of School Improvement Conferences, the State Department of Education, with the help of field officers and community leaders, attempts to stimulate and channelize the flow of public generosity into the field of education for meeting the needs of the school. The deficiencies in the matter of accommodation, equipment, furniture, sanitary facilities, books, teaching aids, play-grounds, drinking water facilities, cooking utensils, garden facilities, etc. are listed out for each school and the public of the area is informed of the needs. The public then enthusiastically cooperates and contributes its bit in cash or kind. After most of the requirements of the schools of the area are collected, a Conference is conducted in which the donors, parents, teachers, community leaders and departmental officers participate and the gifts are displayed as part of an exhibition which is invariably organised on such occasions. The list of all the donors along with the donations made by them, big or small, is promptly published and duly publicized. This helps not only in the proper maintenance of accounts but also acts as a booster for further donations.\*

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\*The detailed information regarding the Tamil Nadu Scheme of School Improvement Conferences may be obtained from :

1. *School Improvement Projects and Community Support in Madras State*, Government of India, Ministry of Education and Youth Services, 1969.
2. Sundaravadivelu, N.D. *School Improvement Projects and Community Support*, Asian Institute of Educational Planning and Administration, New Delhi, 1969.
3. *Chingleput District School Improvement Conference, Kancheepuram, Souvenir*, 1970.



47. The Study Group warmly commended the programme of School Improvement Conferences initiated by Tamil Nadu. These Conferences have aroused public enthusiasm and ensured parental cooperation in schools. The teachers get to know the community better and a beneficial liaison is established between the parents, teachers and inspecting officers. The Study Group greatly valued the Madras Scheme not merely because it helps in raising additional resources for education but also because it brings the community and the school closer to each other which is, of course, of inestimable value. The Group accordingly recommended that the programme of School Improvement Conference should be made a people's programme throughout the length and breadth of India. It also recommended that systematic accounts be maintained of voluntary donations made by the community for (a) establishing new schools and fulfilling statutory and regulatory requirements of recognition and affiliation, and (b) for improvement of existing institutions.

48. The Study Group was interested to observe that the Madras Scheme of School Improvement Conferences had inspired initial attempts on a modest scale in some other States also such as Mysore, Haryana, Bihar and Orissa. The Parent-Teacher Associations in some States, for example in Bihar and Kerala, the Group noted, were also reported to be active in this direction.

49. The Study Group was pleased to note that the Asian Institute of Educational Planning and Administration is trying to propagate the message of this important educational innovation of School Improvement Conferences in all the States through the programme of State Seminars on Educational Planning and Administration which it is co-sponsoring with the State Governments. It also noted with pleasure that the Asian Institute had organised a field visit for Education Officers from all over India to Madras from April 11-17, 1970 to enable them to witness the Chingleput District School Improvement Conference at Kancheepuram.

#### **Capital Expenditure — School Building Programme**

50. Turning their attention from revenue expenditure to capital expenditure, the Study Group noted that a sizable amount of the educational budget is spent on grants for construction of educational buildings, the utilization of which is generally very much delayed. The Group felt that this area of expenditure needs closer scrutiny and calls for radical innovation.

#### **Educational Buildings Corporation**

51. The Group recommended that a scheme of loans for school buildings be launched. It suggested that some existing financial corporation may be authorised or an autonomous organisation in the form of a State Education Buildings Corporation be set up to grant loans for construction of school buildings. A sizable amount of credit of a revolving nature should be made available for the purpose and this may be supplemented by as much annual credit as may be possible. All grants earmarked for the construction of educational buildings may also be diverted to this fund. It was suggested that a total *corpus* of Rs. 50 crores should be created for the purpose. Educational institutions in the State should be made share-holders of the Corporation.

52. The State Government should guarantee the repayment of the loan granted by the Corporation and other financing agencies and should permit secondary schools and colleges to charge building fees for a specified period and at a specified rate so as to enable them to pay back the loan.

53. The aforesaid Corporation may be registered in an appropriate manner so as to enjoy exemption from the payment of income-tax and other corporate taxes but at the same time may be able to declare dividends for its institutional shareholders.

54. The Study Group emphasized that determined efforts must be made on economising building costs. Specifications on the basis of minimum cost and maximum space, with permissible flexibility within the minimum cost, should be evolved through research, keeping in view the regional variations. The Building Development Groups in the States can play a useful role in this programme.



## V. Optimum Utilization of Resources

55. The Study Group observed that the country was spending at present about Rs. 700 crores annually on education and the expenditure was rising by about 10 per cent every year. They, however, felt that the existing educational facilities and resources were not being utilized to the full, particularly in respect of buildings, libraries, laboratories and workshops. Suitable measures must, therefore, be taken for the optimum utilization of the available resources for education.

### Measures for Economy

56. As a part of the strategy to overcome the present educational crisis created by explosion of numbers and implosion of finances, the Study Group reiterated some of the suggestions made earlier by the Education Commission and, in particular, the following :

- (i) Use of shift system in schools and colleges (with full staff component for each shift) be tried to secure optimum utilization of the existing school plant i.e. building, equipment, library, laboratory, playground, etc.\*
- (ii) Organisation of part-time and correspondence courses on a large scale for workers and others who cannot be placed in full-time institutions. Most of the States are in favour of this programme. Some universities have already made a beginning in this direction. The University Grants Commission, it is expected, is going to promote this programme in a big way in the Fourth Plan period.
- (iii) New institutions in unserved areas may be started only if they can be of a viable size.
- (iv) Reduction in the cost of building, equipment and apparatus by better designing, large scale production, improvisation, careful handling and proper maintenance.
- (v) Modernization of educational administration by introducing flexibility in administrative and financial procedures and provision of adequate decentralization of authority to avoid wasteful expenditure.
- (vi) Longer working days and increase in their number: proper utilization of vacation which may better be called 'vacation term', and
- (vii) Greater emphasis on programmes which need more of human talent, dedication and hard work such as modernizing curricula, preparation of textbooks, teaching and learning aids, etc. rather than those involving large financial investment.

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\*The Group noted that a Special Group has been set up by the Ministry of Education and Youth Services for studying the shift system in depth.

### **Utilization Studies**

57. Recognising the prime need of identifying and evolving measures for intensive utilization of existing resources for education and considering the paucity, rather utter lack, of scientific studies on the subject, the Study Group recommended that utilization studies in depth may be undertaken in selected areas to assess the efficiency of the utilization of educational expenditure and physical facilities in educational institutions at different levels from primary to the university stage. It was suggested that the Indian Council for Social Science Research may undertake these studies in collaboration with the universities in different parts of the country. Such studies, the Group thought, may contribute significantly to the optimum utilisation of existing resources which is an important part of the strategy for mobilization of additional resources for education.\*

### **Case Studies**

58. The Study Group found the case studies of educational finances prepared by the Governments of Mysore, Tamil Nadu and Uttar Pradesh quite useful (Annexures V-VII). They suggested that other States may also undertake such case studies in depth. This will not only enable them to look at their educational finances a little more closely and critically but also help them in exploring the possibilities of mobilizing additional resources in the light of the recommendations made by this Study Group.

### **Additional Resources**

59. As indicated earlier, it is extremely difficult to assess accurately the amount of additional resources which would become available for educational development, if the recommendations made above are fully implemented. However, rough estimates indicate that the additional resources likely to be available by levying education cess at the enhanced rate may be of the order of Rs. 25 crores per annum (para 31). Similarly, the additional income from development fees at the secondary and college levels may be of the order of Rs. 10 crores per annum (para 39). The voluntary community support may add another Rs. 5 crores per annum. The overall additional resources may thus be estimated to be roughly of the order of Rs. 40 crores per annum. Various measures of economy, if effectively applied, might easily contribute an invisible amount of about Rs. 10 crores per annum.

## **VI. Summary of Recommendations**

60. For convenience of reference, the main recommendations made by the Study Group are summarised below :—

(1) The trends of educational expenditure by sources over the three Plan periods indicate that the responsibility for financing of education at all stages will have to be increasingly shouldered by Government. (Para 18).

(2) While the major responsibility for financing education must necessarily lie on the States, education being primarily a State subject, the Centre must also assume increasing financial responsibility in the spheres of technical education, higher education and research. It must also play a stimulating, innovative, consultative and promotional role in the educational development of the country. (Para 22).

(3) The States should progressively increase their investment in education to the extent of at least 25 per cent of their budget by the end of the Fourth Plan period and strive to reach the mark of 30 per cent within a period of ten years. The Centre should also progressively raise its allocation for education to at least 8 per cent of its budget. (Para 22).

(4) Educational cess may be levied both in rural and urban areas, for the specific purpose of expeditiously fulfilling the Constitutional directive for providing free and compulsory education to children upto the age of 14, in the manner suggested below :

(a) In rural areas, educational cess may be levied by the local bodies in the form of surcharge at a minimum rate of 20 paise per rupee on land revenue and utilised by them within their own jurisdiction. They may also be authorised to raise voluntarily the surcharge rate beyond the prescribed minimum upto the maximum of 50 paise per rupee. In order to stimulate the use of this authority, a grant-in-aid proportionate to the additional revenues thus raised should be guaranteed by the State on the principle of equalization from area to area, i.e., proportionately larger grants to the poor and backward areas.

(b) In urban areas, educational cess may be levied by the local body on rented property at some minimum obligatory rate with provision of matching grant for additional cess raised voluntarily by the local body beyond the obligatory minimum but within the prescribed maximum. The minimum and maximum rates should be laid down by the State Governments in the light of local circumstances. The matching grant may be on the principle of equalization from area to area.

(c) In those areas where education is not administered by local bodies, education

cess may be levied in the manner suggested in (a) and (b) above and the proceeds utilized for construction and repairs of elementary school buildings. (Para 30).

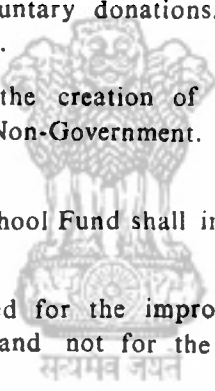
(5) The practice of permitting educational institutions to charge more than the standard tuition fee within the prescribed limits, which is in vogue in some of the States, may be adopted by other States also. However, in order that this may not entail any burden on the poorer sections of the society, the present percentage of freeships in an institution may be raised from  $17\frac{1}{2}$  to  $33\frac{1}{2}$  per cent. (Para 34).

(6) The option to charge development/betterment fee, within the ceiling laid down by the Education Department, may be left to institutions beyond the compulsory stage, i.e., at the secondary and college stages. (Para 38).

(7) The practice of raising and accepting voluntary donations and contributions for the development of education which is so far confined to private educational institutions should be extended to Government institutions also. (Para 40).

(8) The institutions may adopt one or more ways of augmenting their resources, namely, by charging higher tuition fee and optional development betterment fee within the prescribed ceilings and by voluntary donations. The proceeds from these sources should form part of the School Fund. (Paras 34, 38 and 40).

(9) Government may permit the creation of a School Fund for each educational institution—Government as well as Non-Government. The essential features of the School Fund should be as follows :—

- 
- (i) The contributions to the School Fund shall in no way be linked with admissions and examinations.
  - (ii) The proceeds will be utilised for the improvement of educational facilities in the institution concerned and not for the payment of teachers' salaries and allowances.
  - (iii) The Fund will be managed by a Committee consisting of the parents, teachers and students with the Head of the institution as its Chairman. The specific purpose in terms of the institutional plan for which the funds may be collected and utilised will be indicated by this Committee.
  - (iv) The amount collected will be kept separately by the institution. It will not be creditable to the Treasury, nor will it adversely affect the grant-in-aid of the institution.
  - (v) The School Fund will be subject to regular departmental audit and the accounts would be published along with the names of the donors.
  - (vi) In order to stimulate contributions to this Fund, the State Governments may provide some matching grants based on the principle of equalization from area to area. (Para 41).

- (iii) New institutions in unserved areas may be started only if they can be of a viable size.
- (iv) Reduction in the cost of building, equipment and apparatus by better designing, large scale production, improvisation, careful handling and proper maintenance.
- (v) Modernizing educational administration by introducing flexibility in administrative and financial procedures and provision of adequate decentralisation of authority to avoid wasteful expenditure.
- (vi) Longer working days and increase in their number : proper utilization of vacation which may better be called 'vacation term', and
- (vii) Greater emphasis on programmes which need more of human talent, dedication and hard work such as modernizing curricula, preparation of textbooks, teaching and learning aids, etc. rather than those involving large financial investment.

(Para 56).

(17) Utilization studies in depth may be undertaken in selected areas to assess the efficiency of the utilization of educational expenditure and physical facilities in educational institutions at different levels. The Indian Council for Social Science Research may undertake such utilisation studies in collaboration with the universities in different parts of the country.

(Para 57).

(18) The State Governments may undertake case studies of their own educational finances in depth with a view to maximising the utilisation of existing resources and exploring the possibilities of mobilising additional resources in the light of the recommendations made above.

(Para 58).



New Delhi  
June 25, 1970.

M.V. Mathur  
S. Krishnaswamy  
J.S. Mehta  
G.P. Pande  
J.C. Sengupta  
J.L. Azad  
A.K.N. Nambiar  
D.T. Lakdawala  
S.N. Mehrotra



सत्यमेव जयते



*Annexure I*

S. Chakravarti,  
Secretary.

D.O. No. F. 21-2/69-IU  
GOVERNMENT OF INDIA  
MINISTRY OF EDUCATION & YOUTH SERVICES  
SHASTRI BHAVAN, NEW DELHI  
July 14, 1969.

Dear

You will recall that in the Conference of Education Secretaries of States and Union Territories, held at New Delhi on 21st and 22nd May, 1969, among other things, it was suggested that two Groups, one to go into the problems of mobilization of resources for educational development and the other to formulate detailed proposals for pilot projects covering the fields of educational imbalances, wastage and stagnation at the primary stage, girls' education, education of Scheduled Castes and Scheduled Tribes, adult literacy, should be set up. This recommendation was also endorsed by the Conference of Directors of Public Instruction/Directors of Education of States and Union Territories in the meeting held on 28th, 29th and 30th May, 1969 at Bangalore. We have now finalised the terms of reference and also the composition of these two Groups, copies of which are enclosed for your information.

2. The Convenors of the two Groups will be writing to the members indicating to them the place, date and time of the first meeting of the Groups. I would appreciate, if you could kindly extend all possible facilities to the Convenors and the Group as a whole to enable them to complete their assignments.

3. In the Conference of Directors of Public Instruction, it was recommended that a special Study Group on Vocationalisation should be set up by the Ministry of Education and Youth Services. This recommendation has been accepted. I shall let you know soon about the terms of reference of the Study Group and also its composition.

With kind regards,

Yours sincerely,  
Sd/-  
(S. CHAKRAVARTI)

All Education Secretaries.

Copy for information to :

1. All Directors of Public Instruction.
2. Members of the Groups.
3. Directors of State Institutes of Education.
4. Additional Secretary/Bureau Heads/Adviser/Director/Divisional Heads/Branch Officers.

Sd/- (S. N. SARAF)  
DIRECTOR (PLANNING & COORDINATION)

## STUDY GROUP ON RESOURCES MOBILISATION

### Terms of Reference

(1) To review the existing measures adopted by State Governments for raising resources for educational development programmes, such as levy of educational cess, betterment funds, popular contribution, etc.

(2) To suggest concrete measures for adoption by the State Government (i) for raising additional financial resources either through legislation or otherwise for educational development programmes, (ii) for increasing community support to educational development such as the School Improvement Projects of Tamil Nadu and (iii) for optimum use of existing physical facilities, like introduction of shift system, intensive utilisation of existing buildings and other facilities like laboratories, libraries.

(3) To make a broad estimate of the existing resources available for educational development programmes and the additional resources likely as a result of the various measures suggested by the group and the need for ear-marking such resources for these programmes.

### Composition of the Group

1. Prof. M.V. Mathur,  
Director, Asian Institute of Educational Planning and Administration.
2. Shri S. Krishnaswamy,  
Education Secretary, Tamil Nadu.
3. Shri J.S. Mehta,  
Education Secretary, Rajasthan.
4. Shri P.C. Pande,  
Education Secretary, Uttar Pradesh.
5. Shri J.C. Sengupta,  
Education Secretary, West Bengal.
6. Shri J.L. Azad,  
Assistant Chief, Education Division, Planning Commission.
7. Shri A.K.N. Nambiar,  
Director of Public Instruction, Kerala.
8. Dr. S.N. Mehrotra,  
Specialist, Asian Institute of Educational Planning and Administration.

—Convenor

The Group will have the power to co-opt additional members, as necessary.

## STUDY GROUP ON PILOT PROJECTS

### Terms of Reference

(1) To review the existing experiences in the States in the fields of wastage and stagnation at the primary stage, girls' education, education of Scheduled Castes and Scheduled Tribes, work experience and adult literacy.

(2) To suggest the nature and scope of pilot projects to be taken up in these fields, whether they should be individual projects or taken up in an integrated way, together with the criteria for the selection of pilot projects, the area coverage, location and number in each State and allied matters.

(3) To indicate the machinery, at various levels, for administration and continuous and concurrent evaluation of the pilot projects, and the financial requirements of the programme during the Fourth Plan.

### Composition of the Group

1. Dr. G.L. Bakshi,  
Director of Public Instruction, Punjab.
2. Shri M.V. Rajagopal,  
Joint Secretary, Education Department,  
Andhra Pradesh.
3. Shri Virendra Prakash,  
Education Secretary,  
Delhi Administration.
4. Shri B. Das,  
Director of Collegiate Education,  
Orissa.
5. Shri J.C. Saksena,  
Research Officer,  
Planning Commission.
6. Dr. S.K. Mitra,  
Joint Director, National Council for  
Educational Research & Training.
7. Dr. S.N. Saraf,  
Director, Planning & Coordination,  
Ministry of Education & Youth Services. —Convenor



The Group will have the power to co-opt additional members, as necessary.

AIE/31/69

**MOBILIZATION OF ADDITIONAL RESOURCES FOR  
EDUCATIONAL PROGRAMMES BY THE STATES/UNION TERRITORIES**

**PROFORMA**

1. Name of the State/Union Territory

**Plan Outlay**

2. (a) Total Fourth Plan outlay for the State/Territory

(b) Fourth Plan outlay for Education

*Revenue      Capital      Total*

General Education

Technical Education

Total

(c) What percentage of the State Plan outlay was allocated for Education (General and Technical taken together) in :

- (i) First Plan
- (ii) Second Plan
- (iii) Third Plan
- (iv) Plan in individual years :

1966-67

1967-68

1968-69

(v) Fourth Plan

**Educational Cess**

3. (a) Is there any educational cess levied in the State/Union Territory ? If so, by which authority and since when ?

(b) At what rate and on what items is the educational cess levied in the rural and urban areas ?

- (c) Is it being levied by all the appropriate authorities at a uniform rate or at varying rates ?
- (d) Does the State Government make any contribution for the cess collected by the local bodies ? If so, on what basis ?
- (e) What is the agency employed for collecting educational cess and what is the expenditure incurred thereon ?
- (f) Is the income from educational cess earmarked for any specific purpose ? If so, for what purpose ?
- (g) How far and to what extent will it be feasible to enhance the rates of educational cess ?

**Note :** Copies of legislation on educational cess may please be furnished.

4. If no educational cess is levied at present, are there any proposals to levy it in the near future ? If so, please give details regarding authority to levy cess, the items on which it is to be levied, its rate, collection machinery and costs, State grant-in-aid, etc.

5. Are there any other cesses levied in the State ? If so, for what specific purposes and at what rates ?

#### **Tuition Fees**

- 6. (a) What is the rate of tuition fee in different classes (I-XII) ? Indicate the amount of fee per annum.
- (b) When were the rates of tuition fees last revised?
- (c) Proposal for revision of tuition fees, if any.
- 7. (a) Are educational institutions in the State allowed to charge more than the prescribed minimum of the tuition fee? If so, up to what extent and under what conditions?
- (b) For what purposes can the extra income from tuition fees be utilized?
- (c) Since when has this practice been in vogue?
- (d) What percentage of institutions are taking advantage of this facility?
- (e) Proposals, if any, for extending this system.

#### **Special Fees**

Besides tuition fees, special fees such as Dearness Allowance fee, library fee, laboratory fee, games fee, magazine fee, etc. are also charged in educational institutions.

- 8. (a) What special fees are charged in different classes (I-XII) in your State and at what rate per annum?

- (b) When were these special fees last revised?
- (c) Proposals, if any, for revision of special fees.

### **Development Fund**

For development of schools and colleges and various educational programmes, different States have different systems of levying betterment fees, development fees, building fees, etc.

9. (a) What development fees are charged in educational institutions in your State?
  - (b) What are the rates of such development fees per annum in different classes?
  - (c) When were these development fees first introduced?
  - (d) Is the income from development fee credited to Treasury or included in the Manager's Return or is it kept separately for development of the institution?
  - (e) Does the State Government make any contribution for development fees collected by the institution? If so, on what basis?
  - (f) For what specific purpose is the income from development fee earmarked?
  - (g) Are there any proposals to revise the existing rate of development fees or to introduce new ones.
10. Are educational institutions allowed to raise any other funds from students and the public besides the prescribed fee? If so, how is the money 'funded' and accounted for?

### **Grant-in-aid**

11. (a) What is the formula for grant-in-aid to non-government (i) schools, (ii) colleges and (iii) primary and secondary teacher training institutions?
  - (b) When was it last revised?
  - (c) What is the reaction of managements to the existing formula for grant-in-aid? What are their demands in this regard?
  - (d) What are the State's views regarding demands from private managements?
  - (e) Is it proposed to modify the grant-in-aid formula? If so, in what way?
12. (a) Does the system of 'deficit grants' operate in the State?
- (b) What are its advantages and weaknesses?
  - (c) Is it proposed to replace this system by alternative arrangements? If so, by what system?

### **Public Contribution**

The public contributes for promotion, expansion and development of education in various ways. These contributions may be divided into two parts. Part I may consist of

those contributions which the public is required to make in fulfilment of the conditions of recognition and affiliation in accordance with rules, ordinances and statutes. For example, a certain university requires an endowment fund of Rs. 2 lakhs or an inalienable income of Rs. 6,000 per annum for affiliation of a College for B.Sc. degree, besides land, equipment, apparatus, etc. Similarly, in another State, the public is required to put up the school building before the department starts a primary school. Part II may consist of purely voluntary contributions which the public makes for the development and improvement of the existing educational institutions. The Madras School Improvement Programme is an example of this type. Now, in the light of this, the position in regard to your State may be stated on the following points:

13. (a) What contribution is the public required to make under rules, ordinances and statutes and at what rates in fulfilment of the conditions of affiliation, recognition and opening of schools at different stages of education? Give detailed information.
- (b) Are any systematic records of such contribution kept by the Department?
- (c) Indicate the year-wise quantum of such public contribution for the last five years.
14. (a) What methods and techniques have been successfully adopted in raising voluntary public contribution for improvement of schools and colleges? Describe these in detail.
- (b) Are any records of such public contribution kept by the Department?
- (c) Indicate the yearwise quantum of such public contribution for the last five years.
15. (a) Are Parent-Teacher Associations active in your State?
- (b) What role do they play in raising funds for the improvement of schools and colleges?
- (c) What has been their contribution during the last five years?
- (d) What steps are being taken to energise these associations?

### **Loans**

One of the ways of mobilizing resources for education may be to raise loans from the local community for school buildings and pay them back, with interest, in instalments.

16. (a) Has this ever been tried in your State? If so, with what results?
- (b) What is the State's view about raising of loans for school buildings?

### **Double Shift**

By double shift is usually meant the utilization of the school plant in two shifts with separate staff. In the primary stage, double shift may also mean the teaching of the first two classes and the rest of the classes in separate shifts by the same staff.

17. (a) At what stage is the double shift system in vogue in your State ?  
(b) In what way is it organized ?  
(c) In which areas is it popular ?  
(d) What percentage of schools employ double shift system ?  
(e) What are the advantages and disadvantages of this system ?  
(f) Are there any proposals for introducing or extending this system ? If so, in which areas ?

#### **Part-Time Education**

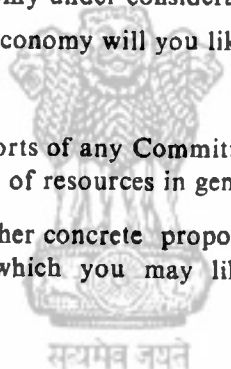
18. Are morning/evening classes being organized in universities and colleges ? If so, for what percentage of students ?
19. Is the system of correspondence course working in your State ? If so, at what stage, to what extent and since when ?

#### **Measures of Economy**

20. (a) What measures of economy have been successfully adopted in your State in the sphere of education without adversely affecting its quality and standard ?  
(b) Are any proposals for economy under consideration in your State at present ?  
(c) What other suggestions for economy will you like the Group to consider ?

#### **Documentation**

21. Please supply copies of Reports of any Committee or Group set up by the State Government with bearings on raising of resources in general and for education in particular.
22. Please give details of any other concrete proposal which you may like to make and other information or material which you may like to furnish for consideration of the Group.





**POSITION REGARDING FEES IN THE UNIVERSITY AND DEGREE COLLEGES  
UNDER ITS JURISDICTION**

*Proforma*

1. Name of University
2. Fees charged in the University

<i>Classes</i>	<i>Tuition fee (per annum)</i>	<i>Special fees per annum (dearness allowance fee, library, laboratory, games, magazines, union, etc. (each to be specified)</i>	<i>Development Fee</i>	<i>Examination Fee</i>
B.A.				
B.Sc.				
B.Com.				
M.A.				
M.Sc.				
M.Com.				
LL.B.				
LL.M.				
B.Ed.				
M.Ed.				



### 3. Fees charged in Degree Colleges

<i>Classes</i>	<i>Tuition fee (per annum)</i>	<i>Special fees per annum (dearness fee, laboratory library, games, magazine, union, etc. (each to be specified))</i>	<i>Development fee</i>	<i>Examination fee</i>
B.A.				
B.Sc.				
B.Com.				
M.A.				
M.Sc.				
M.Com.				
LL.B.				
LL.M.				
B.Ed.				
M.Ed.				



4. (a) Is the development fee charged for any specific purpose? If so, for what purpose?
- (b) Is the income from development fee credited to Treasury or is it 'funded' separately?
- (c) Does the State Government make any contribution for the development fee raised by the University or college? If so, on what basis?
5. When were the tuition and other fees last revised?
6. Is there any proposal to revise any fees at present? If so, please give details.
7. Any other information which the University may like to give regarding the structure and pattern of fees in the University and Degree colleges.

**VIEWS ON RESOURCES MOBILISATION FOR EDUCATIONAL  
DEVELOPMENT BY VOLUNTARY ORGANIZATIONS**

(By Swami Srinathananda, Sri Ramakrishna Vidyashala, Mysore-2)

Friends,

It gives me great pleasure, this morning, to be in the midst of eminent educationists coming from different parts of the country and to participate in the discussion on Resources Mobilisation for Educational Development.

2. Please permit me to place before you my experience, as a member of the Ramakrishna Mission, in raising voluntary donations and contributions for expansion and development of education.

3. The techniques generally adopted by me or by my colleagues for collection or raising donations from the public for educational purposes are the following :

- (a) Contacting the public through press with appeals and write-ups will go a long way, when representatives approach individuals for donations (both in cash and kind like books, clothings, building materials, etc.), subscriptions, endowments and life-memberships, later.

Theatrical parties : Teachers and students may stage some dramas in towns and neighbouring villages.

- (b) Leading film actors, dancers, musicians may be requested to give a benefit performance.
- (c) Cinema theatres may be contacted to contribute a part of a day's collections or a film may be booked on contract and a special morning show be arranged by paying only the expenses to the theatre, in which case the tickets are to be sold by the institution itself to boost collections.
- (d) Collections may be made during marriage, birthday and annual death ceremony occasions.
- (e) House to house collections may be made by taking into confidence some leading and prominent men of the locality.
- (f) A physical culture display be arranged by a group of school students for which admission will be by tickets.

- (g) Estate owners, businessmen and industrialists may be approached for donations.
- (h) During harvest season grain may be collected from farmers which, of course, is to be converted into cash by selling in the neighbouring markets.
- (i) Land and building sites may be got as donation either from private parties or from the local municipalities for the cause of educational activities.
- (j) Even a middle income group man will take a delight to donate his mite for the library, laboratory, furniture, sports and games equipment.
- (k) Individuals may be induced to donate for the construction of halls or classrooms in their names or in memory of the departed members of their family.
- (l) Raffles may be conducted and the proceeds pooled.
- (m) A part of the temple funds may be set apart for education.
- (n) Religious organisations and public trusts may be approached.
- (o) Banks and cooperative societies may be contacted to set apart a portion of their profits for education.
- (p) Schools must build some resources of their own like :
  - (i) Publishing souvenirs, containing good number of advertisements for which charges will be levied ;
  - (ii) Maintenance of school lands and gardens ;
  - (iii) Providing some useful and productive crafts in the school ;
  - (iv) Conducting exhibitions ;
  - (v) Maintaining a school cooperative store to sell the text-books, stationery and other requirements of school children ;
  - (vi) Publish some general books fit for students' reading ;
  - (vii) Formation of old students' association — not only to contribute annually but also to co-operate with the school for collections from the public.
- (q) Parent-teacher association be formed. This will enable the teachers to come in close contact with the parents, which will go a long way to increase the resources of the school.
- (r) Collection boxes to be kept at prominent public places such as business houses, restaurants, pilgrim centres, public halls and meeting places, etc.
- (s) Incentive will be found if the Government comes forward with matching grants.
- (t) Foundations be approached for substantial grants for construction and equipment.

- (u) Schools be free to collect special fees within reasonable rates for development-better rooms, better equipments, better laboratory and library facilities, better playgrounds, etc. Wherever free education is provided, parents whose income crosses a definite limit may be charged the fee which may be utilised for the above purposes. Levy of special fee is absolutely necessary, specially in colleges where the grant-in-aid will be usually 50% to 60% only.

4. There are, however, difficulties experienced by voluntary organisations in raising funds for educational work. These are broadly listed below and are the same throughout India :

- (i) People are called upon to donate for too many items such as festivals, unions, political parties. Sometimes donations are expected at the national level, viz. Prime Minister's Fund for famine, flood and war relief ;
- (ii) Fear of nationalisation has already set in. This cuts down the enthusiasm of the people to build up educational institutions ;
- (iii) Heavy taxation comes in the way of donations ;
- (iv) Regional influences and linguistic differences bar people of one State from collections in other States ;
- (v) Poor economic conditions and the rise in the cost of living has decreased the donations.
- (vi) For primary and secondary education, in many States 100% grant is given by the Governments. So the managements have the least worry to find funds for any purpose. This curbs the enthusiasm of the management to work for collections. When 100% grant is given, including staff salary, there is no purpose in considering them as private schools, whereas at the College level only about 50% is given as grant-in-aid with which it is very difficult to run the colleges without charging additional fees, besides collecting donations.

5. On the question of how far Government rules and regulations help or hinder raising of resources and affect the working of the institutions, I would like to state the following:—

- (i) Government rules also affect collections of donations from pupils and their parents : this has sometimes resulted in making collection of donations in the name of organisation that runs the school instead of in the name of the school itself so that the management will not be bound to utilise that money for the purpose of school only. In the case of schools to which hostels are attached, all levy is made on the hostel side as there is no rule to prevent the hostel from collecting donations etc. (In the case of an organisation which is running a medical college, money is collected as membership fee of that organisation, which serves as a licence for reservation of seat in the medical college).

- (ii) Educational policies change very often, depending on the differing ideas of the persons at the helm of affairs. This does not permit institutions to have firm foundations. Due to lack of proper vocational information and guidance, certain courses suddenly become unnecessary. The present state of engineering colleges and polytechnics is a good example of this.
- (iii) When certain specialities are provided, schools and colleges are not free to charge for these additional facilities.
- (iv) The linguistic States and the present language barriers have checked the migration of students from one State to another. Even the examiners for the higher level degrees cannot be appointed from other States.

6. I would like to make a few general observations in this connection :

- (i) The institutions run exclusively for a particular denomination or group will, as a rule, get maximum support from members of that group. But the institutions that do not identify themselves with a particular community may only get smaller help though from many groups. So, it is difficult to say whether non-identification is financially advantageous or not. Generally it appears to be rather disadvantageous. But it is a distinct moral advantage in that those who help such institutions to that extent at least overcome denominational limitations.
- (ii) People who are engaged or are going to be engaged in raising public funds for educational purposes must in the first instance create a confidence in the public that the funds raised will be used for the purpose for which these are meant and that the public will get the best return out of this investment. Confidence in the public could be created by publishing reports of the institutions, giving out an audited financial accounts, list of donors and the activities undertaken.
- (iii) Most of the voluntary institutions who have inspired public confidence have been and are able to raise public funds. The difficulty is for those people who have not been able to capture the public mind. Here the eminent educationists, the Government or other public welfare organisations could step in to help such organisations in getting cooperation from the public.
- (iv) While we talk of resources mobilization, we should also try to bring down the expenditure wherever such a thing is possible. School buildings, for example, cost a lot of money. In Roorkee, I understand, there is an organisation which is engaged at present in preparing designs for construction of cheap school buildings with indigenous material. Government could bring such experiments to the notice of the public with a view to bringing down the cost on the construction of otherwise expensive buildings.

- (v) As an incentive, the Government could set up a scheme to recognise such institutions that have been able to raise public funds. Such a recognition would inspire other schools also to follow the lead.

Incidentally, it may be mentioned that greater use of existing resources can be achieved by such methods as employing retired men as primary or middle school teachers under some conditions and Government rules need not debar employment of retired teachers.

Finally, while thanking you for your patient hearing, I shall be glad if my evidence will be of some help to the Study Group for formulating its recommendations.

Thanking you all once again,

Yours in the Lord,  
Sd/- Srinathananda  
(Swami Srinathananda)  
Sri Ramakrishna Vidyashala,  
Mysore-2

Dated : 31st October, 1969.



**C A S E S T U D Y  
O F  
E D U C A T I O N F I N A N C E S**

*by*

Government of Mysore

**Pattern of Budget—Income and Expenditure**

The detailed expenditure under various sections such as Secondary Education, Primary Education, Teacher Training, Miscellaneous and Buildings is given in the Annex 'A'. The statement reveals that the expenditure has increased considerably, particularly under Primary Education sector. In this sector, it has increased from Rs. 645 lakhs in 1959-60 to Rs. 2905 lakhs (estimated) during 1969-70. This is nearly 4.5 times the expenditure incurred during 1959-60.

Under the Secondary Education sector, it has increased from Rs. 119 lakhs to Rs. 936 lakhs over the same period which amounts to an increase of 7.8 times. This is due to the fact that Secondary Education has spread very rapidly during the last five to six years and a number of new schools had to be opened to meet the demand. Another factor which has contributed to the spectacular increase is the improvement of pay scales and allowances of teachers during the period.

As regards teacher training, the expenditure during 1959-60 was Rs. 37 lakhs. The estimated expenditure during 1969-70 is Rs. 116 lakhs. This means the expenditure has increased by 3 times. Though the number of institutions has not increased considerably, the expenditure has risen on account of the introduction of the two-year T. C. H. Course which necessitated the sanction of additional hands, equipment, etc. Further, the intake of the institutions has also been increased.

Under miscellaneous items, the percentage of expenditure under Direction and Inspection over the decade has decreased. In 1959-60, it was 3.8% of the total expenditure and is expected to be of the order of 2.1% only during the current year. This will indicate that the supervisory staff has not been increased in proportion to the increase in the number of institutions.



On the receipts side, it can be seen that under Secondary Education there has been a sharp increase in the amount of fees collected during 1968-69. This is due to the fact that earlier to that year the fees collected by aided schools remained with them; but with the introduction of direct payment, all the fees are being credited to Government.

Regarding Education Cess, it is seen that the increase has been very little. It was Rs. 15.29 lakhs during 1959-60 and the expected collection during 1969-70 is Rs. 23.00 lakhs. Since education has been made free even at the secondary stage, the receipts are not commensurate with the expenditure in any manner.

The figures indicating the percentage of the State Plan outlay earmarked for Education, including Technical Education, in the previous Plan periods and the three Annual Plans no doubt indicate that the allocation has been improved slightly. But the amount earmarked is not quite sufficient to meet the demands particularly to fulfil the obligations under the Constitution *viz.*, providing compulsory education to the children of the age-group 5-14. The State has been able to bring only the children of the age-group 5-10 under compulsion. Even then the physical facilities provided in the schools, particularly at the primary stage, are still inadequate. It is only from the last two years that the Government has been able to provide some funds for the construction of classrooms which are given in the form of grants at Rs. 1,000 per room, the balance being met out of local contribution.

In the present Fourth Five Year Plan, which is not yet finalised, allocations made for education are small, due to paucity of funds. As a result, it may not be possible to take up even the minimum programmes directed towards the consolidation of the existing position, let alone further expansion.

#### **Raising additional resources and effecting economies**

As regards raising of additional resources, we can think of only increasing the rate of cess and make concerted efforts to step public contribution. The first possibility cannot perhaps be thought of as the present 5% itself may be considered heavy. As regards the second one, all efforts are being made to persuade the local people to contribute liberally. But so far this has been satisfactory only at the primary level, where the contributions are collected by the efforts of and through the school betterment committees. At the secondary stage the scheme has not been adopted and, even if adopted, it is very doubtful whether there will be proper response. This apprehension is based on the fact that the local people are not in a position to contribute for the building whenever a high school is started in a rural place. Hence, the possibilities of raising additional resources are very bleak.

As suggested by the Pay Commission constituted by the Government of Mysore during 1966, the levy of fees or increasing the rate of Betterment Fees from Rs. 10 per annum as at present to Rs. 20 per annum from the children whose parents pay income-tax could be considered.

Regarding economies that can be thought of, it has to be indicated that as this is a growing Department and it is quite essential to cater to the needs and demands of the community, no substantial economy measures can be thought of. On the other hand, there is an urgent need to strengthen the administration and inspecting staff in order to consolidate the existing position. This will ensure full utilisation of the facilities provided for educating the masses and also avoid wastage, particularly at the primary level. This will further step up the percentage of literate people in the State. Only one way of effecting some economy has been thought of and action has been taken to adopt the same. That is, providing teachers in primary school on the basis of average attendance instead of on the basis of enrolment. This re-adjustment will enable the Department to effect some economy. Even at the secondary stage, it is usually stipulated that whenever a new school is permitted to be started, it should have at least two sections in order that it will be a viable unit, instead of starting a school with only one section. Thus it could be seen that it may not be possible to adopt measures which would result in considerable economy. Further, the academic units like the State Institute of Science, State Institute of Education, Educational & Vocational Guidance Bureau, etc., which were receiving assistance from the Centre have come to the State sector commencing from this year. Hence, even though the educational budget indicates an increase over the previous year's budget it is more than off-set by the inclusion of the academic units under the State Sector. Thus, it is almost impossible to think of any economy measures when it has become very difficult to maintain even the core and essential programmes.

Further, the Department will have to revise the syllabus whenever it is necessary. The electiveless syllabus has been introduced in the IX Standard from the current year and it will be extended to other two standards of the secondary school from next year. In consonance with this, primary school syllabus has also to be revised. All this means that we have to take measures to orient the teachers about the new items, provide necessary equipment, etc. and training. For these, we do require sufficient funds which makes it all the more difficult to think of any economy.

#### **Factors and circumstances which promote or hinder the allocation of additional resources for Education from Government sources and voluntary contribution**

The outlay for General Education in the Fourth Plan has been slashed to a very great extent. According to the present indications, it is only Rs. 10 crores as against the original proposed outlay of Rs. 20 crores which itself was a very modest demand. Naturally, this would tell upon the schemes to be undertaken and even very essential schemes will have to be given up for want of funds. Further expansion is almost unthinkable. It is very unfortunate that sufficient allocation has not been made for education. This may perhaps be due to the fact that the Finance Commission has not allocated adequate funds to the State for the IV Plan period and further, priority is given to agriculture and irrigation schemes which help to improve the economy of the country. It is proposed to undertake a Pilot Project wherein it is contemplated to link up educational programmes with the economic development and social growth in a chosen district. If the project is taken up, the results

will be evaluated and if found satisfactory, measures may be taken to extend the same.

With regard to voluntary contributions, as stated earlier, it is more or less confined to the field of primary education. The contributions are received in cash and kind and are being made use of for the schools. The contributions are steadily increasing every year. It was Rs. 44.60 lakhs in 1963-64 and it rose to Rs. 69.93 lakhs during 1968-69. School Betterment Committees are formed in every school and they are entrusted with the task of enlisting public co-operation, collection of funds, help in undertaking measures for the betterment of schools. But in secondary schools, there is no regular procedure of collecting voluntary contributions. Private managements do collect donations from the parents and students but they are not properly accounted for, so far as the Department is concerned. This is because of the reason that their grants would be proportionately reduced if these donations are shown as receipts. Hence, it has become very difficult for the Department either to put down this practice of collection of donations or regularise it.

**Levy of educational cess by local bodies, raising of building fund, development fund or betterment fund in institutions within the limits prescribed by Government and providing suitable matching grants by Government as incentive**

As indicated in the answer furnished in the questionnaire, there was the practice of levying educational cess but there was no uniform rate for all the areas. From 1.4.1969, the levy is fixed uniformly at 5% on items like (1) land revenue, (2) liquors for human consumption, (3) opium, (4) taxes on buildings and lands, (5) taxes on vehicles, (6) taxes on profession, trade, etc. Thus it can be seen that educational cess is levied on important items on which it could be levied.

Raising of building fund, development fund, etc. is being resorted to by most of the privately managed secondary schools. The Government usually, comes to their aid only in small measure. But the Government pays grants to cover the maintenance charges for the building owned by the management at Rs. 50 per annum per section and in case of rented buildings, Rs. 50 per month per section subject to a maximum of Rs. 650 per month. This rule has now been relaxed and even for buildings owned by the managements, grant towards rent is paid at 3% of the capital cost subject to a limit of 50% of the scale prescribed for rented buildings. However, the question of allowing the institutions to raise these funds and prescribing the necessary rules therefor may be considered. The institutions may however be permitted to use such funds for such schemes which are designed for the improvement of the schools. Necessary rules regarding the purposes for which these funds could be used and the method of accounting, etc. may be prescribed and the Government may provide matching grants whenever necessary.

With the introduction of free secondary education, a betterment fee of Rs. 10 is collected from every student. This was being credited to the management funds till 1967. But since 1967-68, when the scheme of direct payment of salary to secondary school teachers was introduced, the schools have been asked to credit the same to the Government

account. However, the question of allowing the schools to retain this amount with them and utilising the same for some specific purposes may be considered. This is perhaps necessary in view of the fact that it is collected as betterment fee and it should be available to the management for being used for the betterment of the school concerned.

**Estimate of additional resources likely to be raised**

The additional resources likely to be raised are difficult to estimate as the whole thing depends upon the measures that will be introduced by the Government. The Department is not in a position to estimate the amount likely to be collected by the levy of educational cess. We may only give an estimate of the donations that we can expect at the primary level for which a record is kept in the office. It could be estimated that an additional amount of Rs. 5.00 lakhs can be collected from donations during the current year.

Director of Public Instruction,  
Mysore, Bangalore.



**EXPENDITURE ON EDUCATION (PLAN AND NON-PLAN)**  
**(MYSORE)**

(Rs. in Lakhs)

Sl. No.	Particulars	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>1. Colleges for Education (Govt. &amp; Non-Govt.)</b>												
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
		2.77	5.26	10.26	8.39	9.04	7.07	13.12	7.63	6.62	7.53	7.85
<b>2. Secondary Education</b>												
(a)	Government	58.34	56.63	73.08	72.91	81.31	93.27	119.18	117.36	128.87	146.31	169.77
(b)	Local Board	17.33	22.91	31.96	50.84	52.41	55.22	60.17	80.93	102.62	163.11	226.26
(c)	Non-Govt.	43.43	64.10	91.71	117.52	148.27	161.60	195.15	217.16	318.25	404.92	540.00
		119.10	143.64	196.75	241.27	281.99	310.09	374.50	415.45	549.74	714.34	936.03
<b>3. Primary Education</b>												
(a)	Government	391.65	424.98	503.49	574.12	647.29	729.63	878.79	935.14	1008.75	1122.71	1279.46
(b)	Local Board	188.71	210.27	226.01	265.04	288.75	324.34	367.59	505.24	544.20	683.00	864.50
(c)	Non-Govt.	64.83	74.57	71.72	79.93	86.22	92.67	114.89	133.40	135.83	144.50	161.99
		645.19	710.52	801.22	919.09	1022.26	1146.64	1361.27	1573.78	1688.78	1950.21	2905.95

**EXPENDITURE ON EDUCATION (PLAN AND NON-PLAN) (Contd.)**  
**(MYSORE)**

(Rs. in Lakhs)

Sl. No.	Particulars	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>4.</b>	<b>Teacher Training</b>											
	(a) Government	26.67	36.36	43.68	42.26	44.07	44.48	48.16	41.25	56.86	55.48	91.46
	(b) Non-Govt.	0.53	0.43	0.23	0.08	0.36	0.35	0.52	2.15	1.49	1.58	2.40
	(c) Other Special Schools	9.75	9.42	9.64	9.55	10.29	12.41	13.73	17.02	18.20	18.81	22.45
		36.95	46.21	53.55	51.89	54.72	57.24	62.41	60.42	76.55	75.87	116.31
<b>5.</b>	<b>Miscellaneous</b>											
	(a) Direction	6.56	6.72	11.80	13.12	13.82	13.56	15.90	19.26	14.47	16.58	18.83
	(b) Inspection	29.88	33.57	39.48	40.06	43.57	45.47	51.91	53.68	59.76	67.09	74.97
	(c) Scholarships	13.27	14.70	14.76	15.26	20.63	28.46	35.53	30.17	36.86	26.53	27.59
	(d) Miscellaneous	100.72	107.44	104.87	124.36	137.23	180.43	225.45	206.15	131.32	197.98	277.04
		150.43	162.43	170.91	192.80	215.25	267.92	328.79	309.26	242.41	308.18	398.43
<b>6.</b>	<b>Buildings</b>	4.63	10.71	7.93	16.09	11.46	6.12	4.86	8.05	8.45	8.60	10.00

**RECEIPTS UNDER THE HEAD XXII - EDUCATION  
(MYSORE)**

(Rs. in Lakhs)

Sl. No.	Particulars	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>1. From Fees</b>												
(a) Colleges												
B. Ed. and Training Colleges	0.44	4.47	5.66	5.40	0.70	0.29	0.14	1.09	2.42	0.58	0.58	0.58
(b) Secondary and Middle Schools	8.75	8.78	8.35	7.90	18.57	17.20	14.87	14.47	25.25	72.50	77.50	77.50
<b>2. Miscellaneous</b>												
(a) Examination Fees												
(i) Secondary	12.15	14.20	17.12	20.46	14.06	25.12	44.05	22.42	0.38	0.50	0.50	0.50
(ii) Middle School	—	—	—	—	—	—	—	0.41	3.02	15.00	16.00	16.00
(iii) Other Fees	1.50	1.24	1.12	1.19	1.03	1.21	1.12	1.00	1.14	1.60	1.60	1.60
(b) Sale of Books	7.62	8.16	10.48	11.16	11.96	18.56	22.42	20.52	28.02	65.00	70.00	70.00
(c) Education Cess	15.29	16.79	11.78	15.37	19.33	22.69	14.83	14.82	24.03	22.00	23.00	23.00
(d) Others	6.43	21.80	13.43	15.62	16.12	17.78	27.14	34.40	41.73	42.02	42.03	42.03

For Director of Public Instruction,  
Mysore, Bangalore

**CASE STUDY**  
**OF**  
**EDUCATIONAL FINANCES**  
*by*  
**Government of Tamil Nadu**

Tamil Nadu spends about 23% of the total Revenue expenditure on Education. From the figures given in the Annex A for the last 10 years, it is seen that the expenditure on General Education has increased four times since 1959-60. The expenditure on Education in 1959-60 was Rs. 1511.24 lakhs but now it is Rs. 6261.38 lakhs. This budget provision includes Rs. 2916.96 lakhs (or nearly 50% of the budget provision) for Primary Education and Rs. 2076.52 lakhs (or about 33%) for Secondary Education. The bulk of the expenditure from State funds i.e. nearly Rs. 4800 lakhs is spent on teachers' salaries.

2. Tamil Nadu has already realised that proper education of children will constitute an inestimable asset to the nation. Education is also the most powerful factor towards the evolution of a socialist pattern of society in accordance with our national ideal. In view of these, the Tamil Nadu Government has introduced universal and free compulsory education for the age group 6-11 throughout the State and also introduced free education for all children upto S.S.L.C. and then to P.U.C. level. These measures necessitated that provision should be made by the State for the expansion of educational facilities to children at all levels. There are now 31,459 elementary schools and over 2500 secondary schools to cater to the educational needs of the children in this State.

3. The agencies that run educational institutions are (1) the local bodies such as Panchayat Unions, Municipalities, Townships, Corporation, (2) aided managements and (3) Government. Out of about 31,459 elementary schools, about 22,000 schools are run by Panchayat Unions and 7500 schools are run by private managements. Funds are provided by Government to Panchayat Unions and Municipalities every year according to the pattern of aid prescribed under the provisions of the Tamil Nadu Panchayat Act, 1958 and the Elementary Education Act, 1920 towards the maintenance of Primary and Upper Primary Schools. Government meet about 80% of the expenditure towards the maintenance of schools by the Panchayat Unions and the balance is met by the Local Body from its funds. The resources available to the local bodies to meet their share of expenditure on the maintenance of schools are the cess leviable on the land revenue payable to the Government in respect of any land in the Panchayat Union area and education tax leviable on real property and profession tax in Municipal areas. Under the provisions of the Panchayat



Act, 1958 a local cess at 45 paise on every rupee of land revenue payable to the Government in respect of any land for every *fasli* is levied. Out of 45 paise collected as local cess, 4/9th is credited to the Panchayat Union education fund. The Panchayat Union may also levy on every person liable to pay land revenue to the Government in respect of any land in the Panchayat Union, a local cess surcharge at such rate as may be considered suitable. A matching grant is given by Government equal to the amount of local cess surcharge levied. In the case of urban areas, i.e. Municipal areas, a cess subject to a maximum of 5% of the tax on real property and profession tax is levied. A grant at the rate of 50% of the actual collection of Education Tax is paid to Municipalities. The cess collected by the Panchayat Unions would be about Rs. 6 to 7 crores. Out of this 4/9th is credited to Elementary Education Fund Account. The cess collected by Municipality is about Rs. 2 crores and 50% of this is given as subsidy.

The expenditure on elementary education is increasing every year due to the unprecedented expansion of educational facilities and provision of free and compulsory education for the pupils of the age group 6-11. Due to the impact of the scheme of compulsory elementary education and the provision of free education upto S. S. L. C. during the Third Plan period, about 92% of the children of the age group 6-11 and 52% of the children of the age group 11-14 are now at school. The large expansion of educational facilities has an impact on the finances of the local bodies and the State Government. The local bodies are finding it increasingly difficult to meet the cost of maintenance of schools, including teachers' salaries, even after levying the maximum rate of cess. Hence the State Government has appointed a High Power Committee to go into the finances of the Panchayat Unions in the State and make suitable recommendations.

So far as the schools maintained by aided managements in Non-Panchayat Union areas are concerned, the entire expenditure on the teachers' salaries is borne by Government. In addition, a separate grant called maintenance grant at a rate not exceeding 10% of the teachers' salary is given for the maintenance and upkeep of schools. The managements meet about 50% of the expenditure on non-recurring items such as building and equipment.

As regards secondary education, it is pointed out that there are about 2500 High Schools in the State and out of these only about 125 schools are maintained by Municipalities and the rest are run by Government. Erstwhile District Board schools have now been taken over by Government and aided managements. In the case of schools run by Government and Government (Board), the entire expenditure, including teachers' salaries, is met by Government. Regarding aided schools also the entire expenditure on teachers' salaries is met by Government because on account of introduction of free education upto the Pre-University level, the managements have no other sources of income. In the case of Municipalities, 66 2/3% of the expenditure is met by Government and the balance by the Municipalities from their general funds.

The expenditure on secondary education has also increased by about 10 times since 1959-60. The expenditure on secondary education was Rs. 324.04 lakhs during 1959-60

and it is now Rs. 2076.52 lakhs. This increase is mainly due to the introduction of free education and revision of scales of pay of teachers and enhancement of the D.A. rates from time to time. This expenditure is met from the revenues of the State. While the expenditure on recurring items is met by Government in full in respect of schools under Government, Government (Board) and aided managements, the aided managements and the local public in the case of Government (Board) Schools share the cost of the construction of buildings and equipment. The aided managements meet about 50% of the cost of the construction of buildings and the purchase of equipment. The local public often shares the cost on the construction of school buildings of Government (Board) Schools.

In order to augment the physical facilities in the schools, periodic school improvement conferences are held in various districts. Under this scheme, voluntary public contributions either in cash or kind or both are collected for the improvement of schools in their area or locality. So far, about Rs. 10 crores have been realised for the improvement of physical facilities in the schools under 'School Improvement Conferences'. The local public are also associated in raising public contribution for the opening of new schools, construction of school buildings, supply of mid-day meals, etc.

The State Government provides funds within its resources for education towards the maintenance of schools and for the expansion of educational facilities. At the same time steps are taken to effect economies in expenditure by regulating the appointment of additional teachers within the budgetary and plan provision and the adoption of type designs for the construction of semi-permanent type of buildings at low cost.

There is no scheme now for raising Building Fund for the educational institutions.

As regards the aided managements, they are permitted to collect voluntary contributions and donations from the public and parents towards the construction of buildings for their schools. But such collection should not be made at the time of admission of pupils in schools.

The suggestion for raising a Building Fund is worth considering, as it will channelise the collections now made locally.

**STATEMENT OF EXPENDITURE ON GENERAL EDUCATION**  
( TAMIL NADU )

(Rs. in Lakhs)

Details	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
University	120.50	115.98	129.69	140.51	157.14	153.06	193.26	238.18	310.25	318.51	403.50
Secondary	324.04	383.28	551.36	646.38	750.33	1009.35	1250.23	1449.84	1685.67	1910.87	2076.52
Primary	809.78	1014.05	1175.86	1291.23	1310.26	1439.21	1697.90	1991.68	2587.47	2583.35	2916.95
Special	93.38	113.24	112.66	117.93	109.30	84.07	91.07	95.51	104.78	114.45	124.56
General	163.52	198.57	326.71	314.44	341.53	369.55	410.26	452.72	439.81	517.65	739.85
<b>Total</b>	<b>1511.22</b>	<b>1825.12</b>	<b>2296.28</b>	<b>2510.49</b>	<b>2668.56</b>	<b>3055.24</b>	<b>3642.72</b>	<b>4227.93</b>	<b>5181.98</b>	<b>5444.83</b>	<b>6261.38</b>

- Notes : (i) The figures furnished for the years 1959-60 to 1967-68 represent actuals.  
(ii) The figures furnished for the years 1968-69 to 1969-70 are based on Budget Estimates.  
(iii) This does not include Capital Works.

# **CASE STUDY** **OF** **EDUCATIONAL FINANCES**

*by*  
Government of Uttar Pradesh

The sources of finance for education are :—

- (a) Government, both Central and State ;
- (b) Local Authority—rural and urban ;
- (c) Fees ; and
- (d) Public contribution.

2. The allocation of funds for education in the State Budget since 1950-51 has been as follows :—

	1950-51	1955-56	1960-61	1965-66	1966-67	1967-68
Budget for Education	7.37	10.20	17.23	40.76	43.26	48.65
Percentage of Revenue Budget	14.1	11.3	12.9	15.5	14.8	15.0

Sustained effort has been made since 1965-66 to provide more and more funds for Education in the State Budget. The percentage of Education Budget to the total Revenue Budget of the State during the year 1969-70 has increased to 18.1 per cent.

3. The local authorities are concerned primarily with the running of the elementary education even though a few of them maintain Higher Secondary schools, and one of them runs a Degree College.

The contribution from various sources for educational finance for elementary education during the year 1963-64, for which figures are easily available, was as follows :—

Sources	Government Funds	Local Body Funds	Fees	Endowments and others	Total
Senior Basic : Boys	1,37,00,167	31,96,327	1,02,28,003	28,60,670	2,99,85,617
Girls	41,51,006	10,52,893	9,00,058	8,09,880	69,13,837
Junior Basic : Boys	8,40,52,138	1,43,88,788	8,89,002	26,56,910	10,19,86,838
Girls	99,70,367	45,46,597	2,14,612	2,60,762	1,49,92,338
Total	11,18,74,128	2,31,84,605	1,20,31,675	65,88,222	15,38,78,630
As per cent of total direct expenditure	72.75	15.15	7.78	4.32	100.0

The Table shows that during 1963-64 Government funds accounted for 72.65% of the total expenditure, whereas the contribution of local bodies, income from fees, and contribution from public amounted to 15.15%, 7.88%, and 4.32% respectively.

## SECONDARY EDUCATION

By and large, it is being run by private managements, even though of late the State with a view to equalise educational opportunities and to remove regional imbalances has started secondary schools in the Hill regions of the State, and girls' Higher Secondary Schools in the rural areas.

The contribution from various sources during 1964-65 towards financing secondary education was as follows :—

<i>Institutions</i>		<i>Govt. Funds</i>	<i>Local Body Funds</i>	<i>Fees</i>	<i>Endowment and other Funds</i>
High/Higher Secondary Schools	Boys	5,09,94,859	6,05,600	5,84,78,201	78,93,084
	Girls	1,19,44,898	4,19,189	1,03,44,002	23,03,704
	Total	6,28,39,757	6,24,789	6,88,22,202	1,01,96,788
As% of the total expenditure		44.10	0.44	46.18	9.28

The table shows that during 1964-65 Government funds accounted for 44.1% of the total expenditure, whereas local authority funds, fees, endowments, etc., accounted respectively for 0.44%, 46.18%, and 9.28% of the total direct expenditure on secondary education.

### Total direct expenditure by sources in 1964-65 on universities and colleges

<i>Institutions</i>	<i>Government</i>	<i>Local Body</i>	<i>University</i>	<i>Fees</i>	<i>Endowments</i>	<i>Total</i>
Universities	3,52,26,455	—	1,18,25,024	98,95,537	29,16,308	5,98,63,324
As percentage of total expenditure	(58.84)	—	(19.75)	(16.50)	(4.91)	(100)
Govt. Degree Colleges	(11,35,616)	—	—	(3,09,897)	—	(14,45,513)
As percentage of total expenditure	(78.56)	—	—	(21.44)	—	(100)
Private Degree Colleges	1,24,19,775	57,629	24,118	1,27,49,053	47,72,151	3,00,22,726
As percentage of total expenditure	(41.36)	—	(0.62)	(42.13)	(15.89)	(100)

4. Tuition fees were last revised in 1947. The rates of fees, in rupees, are given below:—

**Tuition, dearness allowance and development fund fees in junior High Schools by Managements**

Class	Government			Local Authority			Private Body		
	Tuition	D.A.	Dev. Fund	Tuition	D.A.	Dev. Fund	Tuition	D.A.	Dev. Fund
VI	—	0.50	0.25	—	—	—	—	0.50	0.25
VII	1.50	1.00	0.25	Varies from 2.50 to 4.50	—	—	4.50	1.00	0.25
VIII	1.50	1.00	0.25	Varies from 3.50 to 4.50	—	—	4.50	1.00	0.25

**Fees in Secondary Schools**

Class	Tuition	D.A.	Dev. Fund	Games	Science	Library	Art & Craft	Audio Visual	Ink	Fan
VI	—	0.75	0.25	0.19	—	0.12	0.12	0.6	0.6	0.6
VII & VIII	4.50	1.00	0.25	0.19	—	0.12	0.12	0.6	0.6	0.6
IX & X	4.50	1.00	0.50	0.25	0.50	0.12	—	0.6	0.6	0.6
XI & XII	8.75	1.00	0.75	0.37	1.00	0.12	—	0.6	0.6	0.6

No fee upto Class VI for boys and upto Class X for girls is charged.

**Fees in Universities**

Class	Agra	Allahabad	Gorakhpur	Kanpur	Lucknow	Banaras	Meerut
Graduate	132	144	144	132	144	120	132
Post-Graduate	180	180	180	180	180	140	180

Other fees charged in the Lucknow University are as follows :—

Dev. Fund	D.A.	Hostel	Poor Boys	Deposit	Delegacy	Games	Union	Library	Admission	Examination
Charged in 36 affiliated colleges only but rates differ from college to college		90 for room single	1	10 for B.A.	8	8 for Boys 7/- for Girls	3	7	4	20 for B.A. Pt. I. 30 for B.A. Pt. II. 30 for M.A. Pt. I. 30 for M.A. Pt. II. 20 for B.S. Pt. I. 30 for B.Sc. Pt. II. 50 for M. Sc. Pt. I. 30 for M.Sc. Pt. II.

In addition to the above, Laboratory Fee in Graduate and Post-Graduate classes is also charged at a rate of Rs. 24 for Graduate classes and Rs. 36 for Post-Graduate classes.

The rates of fees, other than tuition, in other universities of the State are also more or less the same as in the Lucknow University.

## CONCLUSIONS

- (a) From the above figures it is clear that the responsibility for the financing of education lies mostly on the State Government. This responsibility is likely to increase further when education upto classes VII, VIII, IX, and X is also made free for boys. (At present education is free for boys upto class VI, and for girls upto class X in this State).
- (b) Fees still account for a substantial percentage of income in Higher Secondary Schools and in Universities.
- (c) The contribution by local authorities is negligible. It is likely to continue to be so, because apart from Municipal Boards, other local bodies have very few sources of income of their own.
- (d) The income from endowments, trusts, and charities is also small and there is no likelihood of increase in it because such sources of income are fast drying up.

5. The community support for educational programme is mostly confined to meeting the capital cost on buildings of Higher Secondary Schools and Degree Colleges which are run by Private Managements. The Private Managements also raise some amount for additional buildings, or for other expenditure, specially of a non-recurring type. In the rural areas the responsibility for running primary and junior high schools is that of the Zila Parishads. They have no funds to construct buildings at all places. A scheme was, therefore, introduced under which the local people contributed Rs. 500 in the form of cash, kind, or land, Rs. 1,500 was contributed by the Planning Department, and Rs. 1,000 by the Education Department. As a result of this scheme, a large number of primary school buildings have been constructed in this State.

## PROPOSALS FOR MOBILISATION OF RESOURCES

The U.P. Taxation Enquiry Committee, 1968-69, was asked 'to study the system of payment of tuition fees by the students of professional colleges and the institutions, and to make recommendations whether, and if so, to what extent, any upward revision is justified'. The Committee recommended no change in the structure and incidence of fees being charged at present except for rationalisation of fees in Junior High Schools maintained by various managements. The Committee, however, recommended that the privilege of charging higher fees enjoyed by the special institutions (run by linguistic minorities) should be extended to some other institutions also which may be able to come up to a specified standard with the proviso that 20% free placement in these institutions be reserved for poor and meritorious children. The recommendation of the Committee

was examined by Government. While conceding that the fee was not a desirable form of taxation, yet they found that there was no escape from it for so long as adequate funds from other sources were not available for education. They found that the rates of fee in this State, as compared to those prevalent in many other States, were in some classes low and there was full justification for a small raise in the fee for meeting the additional cost of education. Accordingly, a decision, though it has not been implemented so far, has been taken that :

- (a) Fee in university and degree colleges be raised by Rs. 3 per student. This will yield an income of Rs. 49.00 lakhs per year ;
- (b) Fee in classes IX and X be increased by Rs. 2 per student. This will lead to an income of Rs. 129.00 lakhs ; and
- (c) A Dearness Allowance fee of 25 paise per student be charged in classes VII to XII. This will lead to an income of Rs. 67.00 lakhs.

When the decision to increase the fee according to the above rates is implemented, the total income from this source would come to Rs. 245.00 lakhs. It is very doubtful if this decision can be implemented.

There has been much resistance to the proposed increase in fee that it has not been possible to implement the decision of Government so far. It is felt that in case the Development and Betterment fees for better rooms, better furniture, better library, better laboratory, better playground, etc., are increased, there may be no objection. But the decision to levy the Development and Betterment fee should be within a ceiling which should be laid down by Government, and the institutions should be left free to charge these fees upto the limits fixed. The income from such funds should be spent on the items mentioned above.

## EDUCATION CESS

One of the means for financing elementary education attempted prior to 1952 in this State was the levy of a cess in rural areas for elementary mass education. With the abolition of Zamindari in 1952, the cess was merged in the land revenue. States like Maharashtra, Gujarat, Mysore, Andhra Pradesh, and Punjab have levied education cess to augment the resources of local authority for elementary education. This cess can be levied in Uttar Pradesh also. Some thinking on this is being done. For the levy of this tax, there are three choices :—

- (1) Levy may be made at the flat rate of 20 per cent of the land revenue ;
- (2) Levy may be made after allowing exemption on holdings below 5 acres ; and
- (3) Exemption may be allowed upto one acre and the surcharge may be levied on the basis the principle : from everybody according to his capacity by prescribing a sliding scale.



### FIRST ALTERNATIVE

In the case of the first alternative, the total income from the surcharge at 20% will be :—

Total land revenue in 1965-66 was Rs. 21.03 crores

20% of this amount =  $21.03 \times 20/100$  = Rs. 4.206 crores

Less 3% collection charges = Rs. 0.12618 ,,

Net amount =  $4.206 - 0.12618$  = Rs. 4.08 or Rs. 4.1 crores.

### SECOND ALTERNATIVE

#### Percentage distribution of number of households and area owned.

Size class of household ownership holding (acres)	Percentage of	
	No. of house holds	Area owned
1. Below 1	39.84	2.63
2. 1 but below 2.50	20.16	10.17
3. 2.50 but below 5.00	19.24	20.33
4. 5.00 but below 7.50	9.04	16.30
5. 7.50 but below 10.00	4.57	11.57
6. 10.00 but below 12.50	2.47	8.09
7. 12.50 but below 15.00	1.34	5.40
8. 15.00 but below 20.00	1.51	7.77
9. 20.00 but below 25.00	0.81	5.33
10. 25.00 but below 30.00	0.29	2.33
11. 30.00 but below 50.00	0.59	6.67
12. 50.00 or above	0.14	3.41

A study of the above will indicate that if all households owning land up to 5 acres are exempted, 79.24% households will not have to pay any surcharge on land owned by them and the total area that would thus remain levy free would be 33.13%. The educational cess will, therefore, fall on 20.75 of the population owning 66.87% of the total land in the State. The total land revenue of the State is 21 crores and if persons owning upto 5 acres of land are exempt, the surcharge would be leviable on 14.04 crores of Rupees. The surcharge will fall on a section of society which is in a position easily to pay it. If this surcharge can be levied at the flat rate of 20 paise per rupee, it will raise a sum of the order of Rs. 2.8 crores for education.

### THIRD ALTERNATIVE

#### Distribution of cultivated area and land revenue in UP. during 1965-66 and likely annual yield from proposed rate of surcharge on land revenue

Sl. No.	Size of household ownership holding class (acres)	Cultivated area 1000 acres	Land revenue assessed on (Rs. lacs)	@ of surcharge revenue	Likely additional yield (Rs. lacs)
1.	Below 1.00	1215	55		
2.	1.00 but below 2.50	4697	214	5%	10.70

3.	2.50	„	5.00	9388	428	10%	32.10
4.	5.00	„	7.50	7527	343	20%	68.60
5.	7.50	„	10.00	5342	243	20%	48.60
6.	10.00	„	12.50	3136	170	25%	42.50
7.	12.50	„	15.00	2494	114	25%	28.50
8.	15.00	„	20.00	3588	163	30%	48.90
9.	20.00	„	25.00	2461	112	30%	33.60
10.	25.00	„	30.00	1076	49	35%	17.15
11.	30.00	„	50.00	3080	140	35%	49.00
12.	50.00 and above			1675	72	40%	28.80
All sizes				46180	2103		408.45

Of the three alternatives mentioned above, the third appears as equitable. In case this is adopted, Rs. 4.08 crores is likely to be raised as cess for educational purposes.

Similarly, education cess on buildings and land in the urban areas can also be levied. The total income of the local bodies in the urban areas from house tax in 1960-61 was Rs. 1.00 crore. It is estimated that their income from this source is now about Rs. 1.40 crores. In levying the education cess it will be necessary to make sure that only that section of the population is taxed which is in a position to pay it. Annual rental value amounting to Rs. 120 can be exempted from this tax. For the rest the levy can be on a sliding scale as given below:—

Above Rs. 12,000	per annum	8%
Between Rs. 12,000 and Rs. 8,000		7%
Between Rs. 8,000 and Rs. 5,000		6½%
Between Rs. 5,000 and Rs. 3,000		6%
Between Rs. 3,000 and Rs. 2,000		5½%
Between Rs. 2,000 and Rs. 1,000		5%
Between Rs. 1,000 and Rs. 500		4½%
Between Rs. 500 and Rs. 200		4%
Below Rs. 200 and Rs. —		3%

It is estimated that an amount of Rs. 20.00 lakhs can easily be realised as cess from land and houses in urban areas.

The local bodies can, in addition to the levy of cess, be given the powers to levy educational cess on the following:—

- (1) Sale of land and transfer of land and property ;
- (2) Entertainments ;
- (3) Motor Transport ; and
- (4) Sale of intoxicants.

## PRIVATE SOURCES

(1) As said earlier, the role of the private management of Higher Secondary Schools and Degree Colleges has been confined mostly to the incurring of capital expenditure on buildings, and to raise small amounts either through endowments, charities, or private donations. Their contribution for recurring expenditure of the institutions run by them has been very little. Sources of private charity are drying up and it is not possible to expect much. At present High Schools in this State are required to have an endowment of Rs. 15,000, and Intermediate Colleges an endowment of Rs. 20,000 with an income of Rs. 450 and Rs. 600 respectively. In actual practice the endowments are in name only and landed property of very little value is shown in the endowment. It is proposed that no institution should be granted recognition as a High School if it does not provide an endowment of Rs. 15,000 in cash or securities, and Rs. 15,000 in immovable property, and in the case of Intermediate Colleges a sum of Rs. 25,000 in cash or securities and immovable property worth Rs. 25,000 may be demanded as endowment.

(2) The Junior and Primary Schools in rural areas and urban areas are run by Zila Parishads and Municipal Boards respectively. The School Improvement Project of Tamil Nadu has not been organised in this State in the way in which it has been organised there, but local contributions for the construction of Primary School buildings, specially in the rural areas, have been made in almost every case. On the Tamil Nadu pattern funds can easily be raised locally for white-washing and repairs to buildings, construction of compound walls, painting of blackboards, supply of class-room furniture, supply of equipment and teaching aids, supply of slates and text books to poor children, supply of personal hygiene materials, provision of drinking water, supply of play materials, garden tools, and provision for sanitary conditions. Funds for these can easily be arranged.

Table I and Table II show the increase in total educational expenditure since 1946-47. It will appear from Table II that although the percentage of government expenditure has gone up from 45 during 1945-46 to 62 during 1965-66, the expenditure by local bodies and private managements has gone down. The reason is that the local bodies have very few sources of income of their own. As far as other bodies are concerned, all sources of charities are gradually drying up, and it is difficult for them to raise finances for institutions run by them.

During 1955-56 the Education Budget in the State was 11.3% of the Revenue Budget. It was 12.9% during 1960-61, and 15.5% during 1965-66. During 1969-70 the provision made in the budget for Education is 18.1% of the total Revenue Budget. This shows that the State Government has been increasing allocations for education from year to year, and has been trying to catch up with the all-India percentage of expenditure on education.

Table No. I also shows that allocation for primary education has now been increased.

**Table No. I**  
**UTTAR PRADESH EDUCATION BUDGET**

(Rs. in Lakhs)

	1946-47	1950-51	1955-56	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
University	26.919	53.765	98.626	154.790	180.714	255.006	275.528	305.758	361.990	356.926
Percentage of the Total Edu. Budget	(9)	(7)	(10)	(9)	(9)	(10)	(10)	(9)	(9)	(8)
Secondary	99.168	165.950	235.464	399.772	480.867	582.795	626.029	750.673	974.637	151.358
Percentage of the Total Edu. Budget	(31)	(23)	(23)	(23)	(23)	(23)	(22)	(22)	(24)	(27)
Primary	121.721	332.182	424.736	824.039	1000.576	1229.930	1284.614	1495.844	1705.536	2057.977
Percentage of the Total Edu. Budget	(38)	(45)	(42)	(48)	(47)	(47)	(46)	(44)	(42)	(48)
Others	70.690	185.545	261.339	344.371	449.905	427.583	606.450	819.119	1304.876	1087.007
Percentage of the Total Edu. Budget	(22)	(25)	(25)	(20)	(21)	(20)	(22)	(25)	(25)	(22)
Total	318.498	737.442	1020.165	1722.972	2112.062	2595.314	2792.621	3371.394	4346.039	4601.268
	1967-68	1968-69	1969-70							
	377.059	616.118	670.586							
	(7)	(11)	(8)							
	1308.323	1546.304	1963.989							
	(26)	(26)	(25)							
	2351.763	2488.016	3903.208							
	(46)	(43)	(49)							
	1088.502	1186.652	1401.278							
	(21)	(20)	(28)							
Total	5125.647	5837.090	7939.061							

**Table No. II**  
*Sources of Expenditure*  
Uttar Pradesh

(Rs. in lakhs)

<i>Sources/Years</i>	<i>1945-46</i>	<i>1950-51</i>	<i>1955-56</i>	<i>1960-61</i>	<i>1965-66</i>
Government	270.036	739.187	1231.399	2344.405	4344.015
Percentage of the total Expenditure	45%	46%	49%	59%	62%
Local bodies	71.069	185.365	210.748	276.415	313.017
Percentage of the total Expenditure	11%	12%	8%	7%	5%
Fees	160.374	399.801	724.004	912.941	1310.709
Percentage of the total Expenditure	27%	25%	29%	23%	20%
Endowment etc.	100.071	308.424	370.688	436.273	948.153
Percentage of the total Expenditure	17%	17%	14%	11%	13%
Total	601.550	1632.777	2536.839	3970.034	6915.894



